



THE INDEPENDENT

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WEATHER: Dry at first; showers later

(R4Sp) 40p

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INDEPENDENT OFFER PAGE 12

GOLF: 2 FOR 1 GREEN FEES

Tory dissidents talking to Blair

Anthony Bevins
and Colin Brown

The Prime Minister's office yesterday confirmed that up to a dozen Conservative MPs are actively talking to Labour about the possibility of a Tory split if William Hague is elected leader of the party this week.

A Labour spokesman said there had been contacts with Labour in which the Tories had spoken of a number of options - the possibility of voting alliances with the Government, a breakaway party, or even "crossing the floor" of the House of

Commons to join the already

massed ranks of Labour MPs. "There is profound disquiet," the spokesman said, speaking on the fringe of the Amsterdam summit. He said that pro-European Conservative MPs had been "horrified" by the intransigent and increasingly hardline position taken by Mr Hague over recent days.

The Clarke camp claimed that rumours on the eve of today's second round ballot for the leadership were put around to destabilise Mr Clarke's chances, because Labour fear him most. But the fears deep-

ened in the Clarke camp last night after all three candidates addressed Tory MPs in a Commons committee room.

Clarke supporters claimed that Mr Hague behind closed doors had warned that he would require members of the Shadow Cabinet to sign documents supporting his line on Euro-sceptic policy on a single currency. He also warned he would be prepared to pull out of EU treaties if Britain failed to repatriate some of its powers from Brussels. Some Tory MPs warned it would condemn the Tories to ten years in Opposition.

THE INDEPENDENT Tory left prepares to leave

How The Independent broke the breakaway story on Saturday

Ann Widdecombe, a Euro-sceptic who is backing Mr Clarke as the "biggest hitter", also criticised Mr Hague for threatening to drive the former Chancellor and Michael Heseltine off the Tory front bench if he wins. "I think William has made it unnecessarily difficult for people. It is a pity William has

said whoever is in the Shadow Cabinet has to get to sign up to not having a single currency. It is no longer a serious issue for the next five years." Calling for unity, Mr Clarke won praise for saying he would include Euro-sceptics in his Shadow team and warning MPs the leadership election was "not about the fine

policy positions on the single currency or European as a whole". In spite of a performance judged poor by his critics, Mr Hague's received a decisive push to his handwagon - possibly helping him win in the third ballot on Thursday - by the support of Gillian Shepherd, a former Lilley supporter, and six former ministers, including Francis Maude, Simon Burns, Michael Fallon, and David Maclean.

The exposure of behind the scenes talks between Labour and disaffected Tories came after The Independent asked at a summit briefing whether there

had been any approaches made by Tory MPs to Tony Blair's office. Speaking with his Labour party hat on, Alastair Campbell, the Prime Minister's chief press secretary, said: "It is true to say that we have had a number of links, informal and others, with Conservative MPs and we intend to keep those links."

"In the Tory leadership election, two of the candidates, and one of the realistic candidates, have ruled out a single currency under any circumstances. Later, a source close to Mr Blair said pre-election talks had been based on the as-

sumption of a small Labour government majority of 20 or 30 seats. But the disaffected Tories - none of them in the Shadow Cabinet - had kept up contact after last month's election. Even though Labour need for their support was not so great now that it had such a massive Commons majority any addition support was to be welcomed, the source added. He emphasised that he was not talking of mere Commons teamwork chat between Conservative and Labour MPs; the talks were at a higher level than that.

Nightmare scenario, page 10

IRA murders blow away a peace agenda

David McKittrick
and Anthony Bevins

The IRA murders of two police officers in Co Armagh yesterday dealt a grievous blow both to hopes of an early new republican cessation and of averting serious trouble in the looming summer marching season.

The attack not only took two lives but could have the potentially catastrophic effect of bringing to an end a loyalist paramilitary ceasefire which already looked fragile.

It has already had the effect of severing contact between the government and Sinn Féin, Tony Blair declaring: "There is obviously no question of a further meeting with Sinn Féin in these circumstances." Officials were due to meet Martin McGuinness in Belfast today for a third and final meeting in a series sanctioned last month by Mr Blair.

The killings, coming as they did in the Co Armagh town of Lurgan which is not far from the Drumreece marching flashpoint, can only be described as an act of extreme provocation. Tensions in the mid-Ulster area were already high as the 6 July march date approaches with no sign of agreement on whether the parade should be allowed through a sensitive Catholic area.

The two RUC men were shot in the head at close range not far from a police station while on routine beat patrol.

They have been named as Constable John Graham, who was married with three daughters, and Reserve Constable David Andrew Johnston, who was married with two sons.

The Prime Minister said in a statement after a brief conversation with John Bruton, the Irish Prime Minister, on the fringe of the European summit at Amsterdam, that he reacted with horror and anger at what looked like "a deliberate attempt to place obstacles in the road of peace."

Mr Blair said that whilst Sinn Féin talked peace, the IRA murdered: "Their cynicism and hypocrisy are sickening. Their actions defy normal understanding. It is difficult to interpret this latest attack as anything but a signal that Sinn Féin and the IRA are not interested in peace and democracy, and prefer violence."

Gerry Adams, the Sinn Féin president, adding a new word to his political lexicon, said he was "shocked" by the deaths. He declared: "At a personal and at a human level I am shocked." His reaction was echoed among many other observers, including republican sympathisers and their opponents. The government had been making clear moves towards meeting republican concerns on ensuring that Sinn Féin would be admitted to political negotiations in the event of a new IRA ceasefire.

But the effect of the killings has been to end contacts with the Government, and to leave the huge unanswered question of how the IRA believes that such acts can advance the republican aim of securing entry into talks.

The mood among loyalist paramilitary groups, who have observed a worthwhile though imperfect ceasefire, was said to be grim, and the security forces will be braced for retaliatory attacks. David Adams of the Ulster Democratic Party, which is close to the paramilitary Ulster Defence Association, warned: "The future looks dark. We have to face the reality this may well push loyalists to the brink."

Loyalist acts of violence could lead to the expulsion of their political representatives from the existing multi-party talks, thus decreasing the chances of their success. In the meantime Unionist politicians called on the Government to abandon hopes of bringing Sinn Féin into politics.

Ken Maginnis, the Ulster Unionist MP said: "Republicans have been playing a mocking game with successive governments and testing the integrity and sincerity of the new Labour government in order to ascertain how far it could be pushed. It's now imperative that all governments who have tried to move things forward must realise that the IRA is irredeemable."

Fearful suspicion, page 4



Is a ban coming? The scent is weak

A hound ponders his future with the Quantock Stagbonds in Somerset yesterday: is a Labour MP's anti-hunting Bill going to deprive him of a livelihood or not? The attitude of Downing Street will be crucial, since the Government controls the parliamentary timetable by which most Private Member's Bills fail or succeed. But Tony Blair was giving no hint last night to

hounds, huntsmen or hunt saboteurs: Downing Street seemed intent on having it both ways. So is he in favour of a ban, or against one? Gossip reports that he personally supports a ban but does not want to jeopardise other legislation in the Lords. Or perhaps his new friend, the Prince of Wales, has had a word?

Photograph: Christopher Jones

A triple alliance for European jobs

Anthony Bevins
and Sarah Helm
Amsterdam

A new alliance of Britain, France and Germany led the way in making job-generation a new priority for Europe yesterday.

While heads of government were thrashing out the latest treaty on the future direction of European Union, at the Amsterdam summit, finance ministers agreed an economic package covering both jobs and the stability pact for the European single currency.

The package followed new resolve by France and Germany to resolve a bitter row over the euro rule book, which had cast new doubt over the future of the single currency, and overshadowed the Amsterdam summit.

After EU leaders struck their deal yesterday, Jacques Santer, the European Commission president, said: "We have seen today a reaffirmation of political will to complete EMU, in line with the agreed criteria. Today we have completed all the preparatory work and this is a very important stage."

Unveiling of the design of the future euro coins put substance to the message that the euro was back on track.

The design, which for Britain could accommodate the Queen's head on one face, shows maps of Europe in different contexts, including one against what a press release said was "a dynamic background of Europe's symbols", namely stars.

Tony Blair said: "There is an agreement to put employment measures right at the top of the agenda in respect of the single currency and, indeed, the development of the European Union."

The Prime Minister planned the initiative on Gordon Brown, the Chancellor, and one source claimed: "They are now talking our sort of language."

Specifically Britain is determined to be first off the mark with a report on its own welfare-to-work programme, due in next month's Budget, for a Luxembourg jobs summit to be held in the autumn.

Under the deal Germany, backed by Britain, insisted that strict fiscal discipline for the single currency should not be watered down. France appeared to have made a series of concessions, particularly over its demands for major new spending to promote growth, and there were doubts about whether the Franco-German rift has truly healed.

Germany's chancellor-in-waiting seemed to herald a dramatic shift in alliances, arguing that the Franco-German marriage was now over. Gerhard Schröder, leader of the opposition Social Democrats, argued in favour of a new ménage à trois, involving London, Paris and Bonn.

In an interview with the German financial daily, Handelsblatt, he argued that Britain was likely to be the driving force behind the "renaissance" of European politics.

Under the jobs package it was agreed that in the search to find schemes that work in delivering jobs, all governments would report to that forthcoming jobs summit on their own successes and failures in an attempt to ameliorate Europe's unemployment crisis.

A British source said: "We will take a lead on this. If countries can't admit they have

problems, they are not going to come up with solutions. We have to learn from each other."

The British source said the autumn summit would assess the success of each country's efforts on the basis of certain criteria: labour market costs, welfare reform, and emphasis on small and medium size enterprise, and competitiveness. Meanwhile, although progress was made on the British demand to retain sovereign control over her own borders, there were still some problem words outstanding in the treaty text last night. But a British source said "the penny had dropped" and European colleagues understood that Mr Blair was adamant that the question had to be solved to his satisfaction.

A deal was expected to be announced today on fish quota hopping. Britain expects to secure new rules to deter foreign vessels fishing the British quota. The government also hopes that moves to create a common European defence contained in the draft Amsterdam Treaty text, will be removed before the treaty is agreed today.

Europe's new order, page 12



Tony Blair passing a guard of honour en route to the Royal Palace in Amsterdam yesterday. EU government leaders are meeting in the city for a two-day summit. Photograph: Reuters

Runway protest ends
The protest at Manchester Airport runway came to a dramatic end when the last tunneller and a bailiff's official were rescued after a tunnel collapsed. Page 3

Money chase
Nationwide and Coventry building societies faced a flood of accounts from speculators as those with shares in Norwich Union averaged a £990 windfall. Page 5

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significant shorts

Government pledges £3.8m grant for scrapie research

A government grant of £3.8m has been earmarked for new research into scrapie, the equivalent of "mad cow disease" in sheep. Scientists at the Institute for Animal Health will investigate how the disease develops, spreads, and is transmitted.

Scrapie is thought to have triggered bovine spongiform encephalopathy (BSE) after diseased sheep offal was mixed into cattle feed in the 1970s and 1980s. Experts think the disease jumped the "species barrier" to re-emerge as BSE.

The new research, using part of £8.5m set aside by the Medical Research Council and the Biotechnology and Biological Sciences Research Council (BBSRC), aims to make progress towards eradicating scrapie from the national flock. Last year, 213 cases were recorded among the UK's 41.5 million sheep. Charles Arthur

Fifth strike day for commuter trains

Rail services on one of London's busiest commuter networks are expected to be disrupted today for the fifth successive day as the dispute descends into farce. Management said talks were to go ahead in an attempt to resolve a dispute over pay and working practices, but Aslef, the train drivers' union, insisted that none were planned.

The ban on overtime and rest-day working by train drivers of Connex South Central yesterday caused the cancellation of around 300 trains, with some 100 failing to complete their journeys. A similar level of disruption is expected today on the services, which operate from Surrey, Sussex and Hampshire into London Bridge and Victoria. Barrie Clement

Firefighters rescue new Bond film



Firefighters took a starring role on the set of the new £45m James Bond film yesterday when a stunt flared out of control. Filming on *Tomorrow Never Dies* was halted after three cars caught fire during a spectacular chase scene. Experts expected an impressive blaze in the multi-storey car park at Brent Cross shopping centre in Hendon, north London, when the BMW

750i of Bond star Pierce Brosnan was "machine-gunned". Firefighters attacked the blaze for 20 minutes before filming resumed.

Motorist draws gun after accident

A mother had a gun held to her head by a motorist after their wing mirrors clipped each other, police said last night.

Shindo Kaur, 29, of Handsworth, Birmingham - who was returning from a shopping trip with her young son - had a handgun held to her head by the driver who threatened to kill her and demanded £50 to pay for the damage. Mrs Kaur fled into a shop owned by a relative after motorists distracted the gunman at Regent Road, Handsworth, over the weekend. Staff handed over £50 and he left. West Midlands Police described the gunman as black, aged 20 to 25, of slim to medium build with short hair.

Chernobyl children take Irish break

An Irish charity is to fly 1,500 children from the radiation zone around Chernobyl for month-long stays in the West.

The holidays are claimed to give the children on average an extra two years of life. The first of five jets bringing the children from their homes in Belarus and western Russia will begin arriving at Ireland's Dublin and Shannon airports this week.

They will be met by Adi Roche, founder of the Irish Chernobyl Project organisation, and Ali Hewson, the group's patron and wife of Bono, lead singer of Ireland's U2 rock group.

people



SPORTING GLORY: Amy Kavanagh (right), the 14-year-old ballerina who found herself playing at Queen's Club in the Stella Artois final, confessed yesterday to feeling "really scared". Gwen Ivanisevic (left) handed her his racket as he became frustrated. And SHE managed to hold her own in a 17-stroke rally - the longest of the afternoon - against the Australian Mark Philippoussis, nicknamed "Scud", because of his 140cmph serve. "My favourite player was Tim Henman," she said. "But I might change now to Ivanisevic."

Composer feeds his creativity with an Antarctic adventure

The British composer Sir Peter Maxwell Davies is to spend a month in the barren wastes of Antarctica to gain inspiration for a new symphony.

Sir Peter, 62, will swap his isolated croft in a valley in Hoy, Orkney, for a freezing research station 6,000 miles away.

He has agreed to compose a sequel to Vaughan Williams' *Sinfonia Antarctica*, which he first saw performed 44 years ago in Manchester.

The original Williams piece was a development of the score he produced for the 1948 film *Scott of the Antarctic*, starring Sir John Mills.

The new piece has been commissioned by the British Antarctic Survey to promote the region as an area of special scientific significance.

Salford-born Sir Peter said: "The Antarctic experience will be an encounter with nature, with silence and emptiness such as one can never experience in Europe, even in remotest Scotland."

"I look forward to working on and coming to terms with these new experiences in the symphony I will write."

"The Vaughan Williams is a hard act to follow - I shall



Sir Peter Maxwell Davies: Listening to the sound of silence

do my utmost to write a suitable companion piece."

Sir Peter leaves for Antarctica in December and the symphony will have its world premiere in 2001, at the Royal Festival Hall.

An Antarctic Survey spokesman said: "Temperatures can rise to 5C in summer but it can be a bit windy. He will be

flown out to remote research stations to feel the power of silence."

Sir Peter's 38 orchestral works include 11 concertos and five symphonies. And they rarely have conventional inspirations. A recent comedy overture was *Mavis in Las Vegas*. When the composer was touring the US in 1995, he was registered at the Flamingo Hotel, Las Vegas, as "Mavis" - thanks to a receptionist mishearing his name.

He was tickled by the idea of an *after ego*, sightseeing in the gambling capital - "I imagine her all outrageous flounces and hip-jerks, her generous bawlgown streaming". *Mavis* uses a solo violin theme conducted through a sequence of variations, representing nightclub, wedding chapel, Elvis shrine, Liberace Museum and other classic sites of kitsch.

David Lister

Naomi Campbell jumps straight back on to the catwalk

Naomi Campbell jumped straight back into the supermodel saddle yesterday, appearing on a Paris catwalk just 12 hours after being discharged from intensive care in a hospital on Gran Canaria.

The 27-year-old model from Streatham, south London (right), who has earned an estimated £10m during her career, strenuously denied that she had attempted to take her life.

Her agent, Xavier Moreau of the Elite modelling agency, played down her time in hospital. "It's much ado about nothing," he said. "The proof is that she is not in the hospital."

He rubbished media speculation that Ms Campbell had taken an overdose following a falling-out with her Spanish boyfriend, the flamenco dancer Joaquin Cortes, recently photographed with another woman. "She is not the type to suffer over love," he said.

Meanwhile, Miss Campbell's mother, Valerie, 44, announced that she was not going to cut short a business trip to Canada.

Paul Pearson, PR manager for the 44-year-old model and entertainer, said his client was keeping up with her daughter's



situation. "As it was nothing serious, she is not cutting short her trip to return early, but is delighted that Naomi is okay."

But it was not a great day for Ms Campbell yesterday. Her attempts to revive her flagging singing career were knocked back when organisers of the Carlsberg Concert '97 refused her request to perform at the event.

The supermodel turned singer had asked to duet on the Human League hit *Don't You Want Me* with Jon Bon Jovi at the Wembley spectacular, which is expected to attract 80,000 people.

A spokesman for the show said: "Given her past singing experience we didn't think Naomi would fit in with the other artists on the line-up. Her choice of song seems a bit ironic now."

Clare Garner

Bannister fails to tempt Chris Evans back to breakfast show

Chris Evans has been approached to return to BBC Radio 1, just months after he left over a row about time off. But the former breakfast show presenter and host of Channel 4's TFI Friday, turned down the offer, made last week.

Matthew Bannister, head of Radio 1, contacted Evans's producer, John Revell, to ask if the broadcaster would "consider" returning to the station.

A source close to Evans, whose antics on and off the air have spawned a growing band of critics as well as a die-hard core of fans, is reported to have said: "Matthew had not made any attempt to contact John or Chris since he left the station. Then last Thursday John took a call from him."

"He asked John if he thought Chris

would be interested in coming back to the station."

A Radio 1 spokeswoman confirmed yesterday that Bannister had a casual conversation with Revell and had discussed the possibility of Evans doing the occasional weekend or bank holiday show but added there was no question of him returning to the breakfast show.

Evans walked out of his high-profile slot after Bannister refused to allow him to have Fridays off so he could concentrate on his Channel 4 series. At its height, his Radio 1 show attracted audiences of 7 million listeners a day.

He was replaced by Mark Radcliffe, who has not been able to pull in the same number of fans.

David Lister

briefing

FOOD

Too many strawberries are proving fruitless

The production of strawberries has become over-globalised, leading to poor quality fruit and pollution as it sells in ever-increasing quantities throughout the whole year, says a report by the SAFE alliance, a green food group.

About half of the fresh strawberries eaten in Britain are now imported, coming from as far away as California, New Zealand and Kenya, accounting for large quantities of greenhouse gas emissions as they are air-freighted to Europe, SAFE claims. Southern Spain is, however, the leading exporter to Britain.

Three-quarters of all the strawberries grown in Britain are from just one variety. And the great majority are grown intensively, with pesticide residues detectable - usually at extremely low levels - in 88 per cent of the fruit, according to the Government. Britain has just four acres of organic strawberries.

The report stresses that growers frequently use methyl bromide - one of the chemicals attacking the earth's protective ozone layer - as a pesticide in strawberry production.

How Green Are Our Strawberries? £4, Sustainable Agriculture Food and Environment, 38 Ebury St, London SW1W 0LU.

Nicholas Schoon

TRANSPORT

Learners with a lot more to learn

Learner drivers now have a lot more to learn, with the publication yesterday of more than 300 new questions for the written test - almost doubling the total on which they may be tested.

Since the written theory paper was added to the practical driving test last July, more than 1 million prospective drivers have sat the test, with pass rates currently running at about 60 per cent.

Research carried out by the Driving Standards Agency shows that an average "first-time pass" candidate spends between five and 10 hours studying the questions before taking the test.

The new questions - which bring to 700 the total available to examiners - offer candidates a wide range of driving decisions and dilemmas, with a multiple choice of possible responses.

DSA chief executive Bernard Herd said: "The new questions put additional emphasis on certain aspects of driving theory which we feel need more attention from new drivers, such as being alert to vulnerable road users, so that theory testing can make as great a contribution as possible to overall road safety."

Randeep Ramesh



HOUSING

Tax would ease homelessness

The Government should spend 10 per cent of the windfall tax on getting the young homeless off benefits and into full-time training and employment, the homeless charity Shelter claims today.

Coupled with 8 per cent of capital receipts from the sale of council houses, this would release nearly £140m a year over five years which could meet the housing needs of a tenth of the 250,000 young unemployed people targeted under the Government's proposed welfare-to-work scheme.

Increased house building funded by the initiative would also create 6,750 jobs in two years, increasing tax revenues and reducing social security spending by £61m over the first two years.

"The Government's commitment to getting 250,000 young people into work is an excellent first step," said Chris Holmes, director of Shelter.

"However its success will be hampered if at its heart it does not acknowledge that homelessness and bad housing create extra hurdles which, in turn, prevent young people getting on and completing training courses."

A Fresh Start: Housing and training for young homeless people, £2, Shelter, 88 Old Street, London EC1Y 9HU

Glenda Cooper

CRIME

Drugs policy should be revised

Two-thirds of expenditure on tackling the drug problem is spent on law enforcement and one-third on prevention, education and treatment, according to a report published today by the Penal Affairs Consortium.

Calling for wider use of treatment programmes for drug-misusing offenders, the consortium says punishments rarely stop drug use, but merely result in a cycle of crime, imprisonment and continued drug use. Yet drug-abusers who reach the stage of police stations, courts or prisons are at a crisis point, "which can be a powerful motivating factor to accept help".

A substantial body of research in the US has found that treatment programmes can produce marked reductions in illegal drug-use and drug-related crime, the report adds.

Crime, Drugs and Criminal Justice, free from the Penal Affairs Consortium, 169 Clapham Road, London SW9 0PU.

Patricia Wynn Davies

SOCIETY

Road rage becoming commonplace

More than 70 per cent of company car drivers have been at the receiving end of road rage in the past year, according to results of a study released yesterday.

More worryingly, 7 per cent have been threatened, attacked or rammed by other drivers.

The survey, carried out by MORI for Lex Vehicle Leasing, found that one in five company car drivers had felt like committing a serious road rage offence at some time in the past 12 months. But most had settled for either gesturing or verbally abusing the other drivers.

The most common causes of road rage were drivers cutting in sharply after overtaking, tailgating or failing to signal properly. More than 1,200 drivers were interviewed for the survey.

Randeep Ramesh

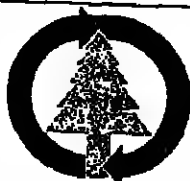
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KILLER TO DIE?

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Sensational
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of a
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THE CHAMBER

STARTS FRIDAY JUNE 20
AT CINEMAS ACROSS THE COUNTRY

Final eviction ends runway protest

Michael Streeter

The four-week eviction of protesters from the site of the planned second runway at Manchester Airport ended in drama yesterday when the last demonstrator and a bailiff's official had to be rescued from a collapsed tunnel 30 feet underground.

Officials blamed dry weather followed by torrential rain at the weekend for the subsidence of a section of the Cake Hole tunnel, rather than their own digging.

The remaining protester Matt Benson, 24, and one of the professional tunnellers employed to remove him - the so-called men in black - were cut off 25 feet inside the tunnel entrance for five hours. They could be seen by rescuers and were passed food, water and air supplies. Although they were

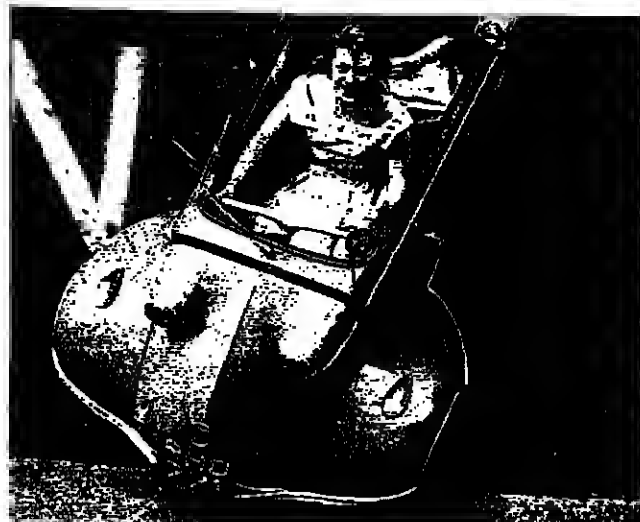
thought able to scramble out unaided, it was decided this could have caused further collapses. Other tunnellers helped to shore up the walls before the two men were brought unharmed to safety, in what officials described as a "rescue rather than an emergency".

The collapse of the tunnel - on what was likely to be the last day anyway after Mr Benson, a former NHS administrator, had intimated he would come up yesterday morning - overshadowed the end of the lengthy £4m eviction. For the authorities it vindicated what they have said in the past about the risks of this form of direct action.

Inspector Rick Hollinshead, of Cheshire police, pointed to the "inherent dangers" of such tunnels and suggested that they may not be used in future. The Under-Sheriff of Cheshire, Randal Hibbert, said: "It is very fortunate indeed the incident was not more serious. The protesters place not only their own lives in danger, but those of their rescuers. I hope a lesson has been learnt."

Jeff Gazzard, one of the protest co-ordinators, said it was curious the tunnel had collapsed on what was going to be the last day of the protest, and that a "rescue" was needed. He said all involved knew what they were doing. "The protesters are well aware of the risks."

The campaign against the £172m runway had been a "success" and was part of an economic war of attrition which involved hitting the construction and airport authorities in their pocket - "the only language they understand". He predicted that airport authorities around the country had learnt their lesson. About 150 people have been removed from the 1,000-acre Bollin Valley site - occupied since January - many of them in a variety of tree houses and tunnels which were refined versions of those used in earlier actions such as Fairmile in Devon.



The bubble car bursts back to life

Michael Streeter

Nostalgia can come in many forms, and now it has arrived bubbled-shaped.

The car synonymous with cramped legs, low fuel consumption and even lower performance, is making a comeback.

A small manufacturing company, which earlier this year started making full and kit-versions of the bubble car, claims its production books are full until the end of September and has been "inundated" with potential orders.

The new-found interest in the car, whose potential footnote in history as a symbol of the Sixties was cruelly supplanted by

the invention of the Mini, comes as much from young people as from the middle-aged rekindling old passions. People are apparently being drawn to the car by a combination of cheapness and chic, as well as plain nostalgia.

Even the five members of the Spice Girls have been trying to buy old models of the sportier Tiger bubble car.

Dawn Edwards, of Preston-based Tri-Tech Autocraft, which is making the kits, said: "We've had interest from a variety of sources, including younger people. Some are using them to commute, some people just find them fun."

The company has sold around 15 kits so far, but hopes



Dawn Edwards with her kit-made bubble car and, above, in their heyday. 'Some people commute in them, some people just find them fun' Photographs: Paul Ellis/CameraPress

to sell many more by the end of the year as production is stepped up. "Our orders are full until the end of September," said Ms Edwards, whose husband Rick is one of the two partners in the firm. She added: "One customer said he was just sick of driving 'Euro boxes' and he wanted to get back to real driving again."

The firm is producing two versions, each of which pays homage to bubble car names of the past: the slightly cheaper Schmidt, which refers back to the Messerschmidt models, and the Zetta, a reference to the old BMW Isetta. Each kit is more than £3,500, minus the engine which the buyer provides, usually a 250cc motorcycle engine.

The on the road cost is usually just over £4,000.

Though the finished product can produce speeds of just 75mph, it is largely the bubble car's appearance which attracts new interest.

Roger Bentley, membership secretary of Micro Maniacs, which represents around 1,000 bubble car owners, said the

glass fibre kit cars would help revive interest among younger people. "I think everyone is looking for something a bit different these days."

The heyday of the bubble car lasted but briefly, said Mr Bentley, from the mid 1950s until the early 1960s.

The main manufacturers had been German companies look-

ing to change from wartime production: BMW, Messerschmidt and Heinkel, though a wide and wacky range of models was produced, such as the Cassakina Sully, the Gogonobil and the Bamby.

Mr Bentley believes the revival of interest coincides with a development of a more rounded shape in modern cars.

The interest was clear earlier this year when a collection of 81 bubble cars fetched more than £400,000 at Christie's. Mark Robertson, of Christie's International Motor Cars, said: "It's another sign of the way people are looking to the past. Some of the bubble cars are chic, some downright ugly. But they are different and fun."

He's trained to jump into trenches and kill. But can he also be house-trained?

Jojo Moyes

What is the image of today's soldier? Is it of a clean-shaven, politically correct young serviceman keen to do his duty? Or is it a drunken yob, abusing locals, harassing women and bullying recruits?

The British army has suffered something of a PR nightmare, with a succession of cases of bullying, drunkenness and worse. Last month three British soldiers were fined for indecency after stripping naked in a crowded Cyprus bar. The month previously an investigation was launched after soldiers allegedly tried to scrub a black soldier "clean and white".

But perhaps the case that did most to damage was that of the sexual assault and murder of Louise Jensen in Cyprus by three soldiers who were so drunk that they could not remember for 24 hours where they had buried her body.

Perhaps heeding this and trying to usher in the era of the politically correct soldier, George Robertson, the Secretary of State for Defence, is to issue a mission statement for the armed forces which will outlaw racism, sexism and bullying. The mission statement will say they are here to defend our country and to fulfil their obligations. But it will also say that they are part of the community and have responsibilities. Mr Robertson said.

Some, like Lt-Col Bob Stewart, who served in Bosnia, thought the mission statement was unnecessary, believing that the problems of bad behaviour were limited to the few.

"[Soldiers] know exactly what the score is and it's laid down in the Queen's regulations and the Army Act of 1955," he said yesterday. "Everyone knows you shouldn't discriminate on grounds of sex or race. In the grounds of it's somewhat different on occasion but fundamentally everyone knows that."



Tough reputation: The Army is seeking to improve its image

worst offenders, the likelihood of a "politically correct" armed forces is a slim one.

"If that mission statement had arrived while I was there my guys would have laughed at it," said the former officer. "You can't have a PC soldier. You're training people to be aggressive. The kind of guy that's going to leap into a trench and kill

someone is probably not going to help some nice Indian chap cross the road."

It was not the services that were the problem, he said, but the soldiers' backgrounds. "I had two in my troop that couldn't read properly," he said. "A lot of them come off pretty grim council estates and whilst you might be able to

make a politically correct officer, with the best will in the world you're never going to do it for them."

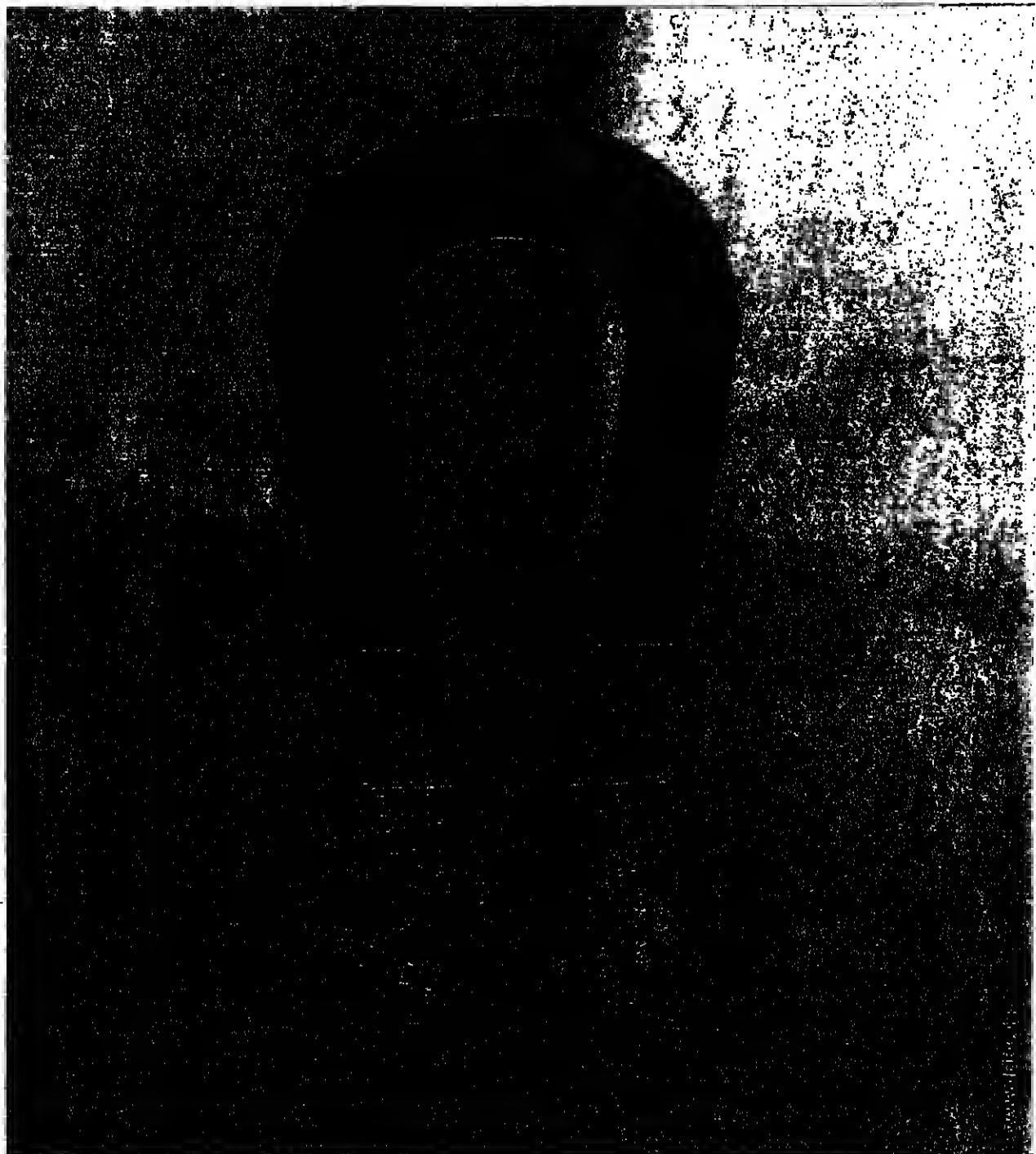
Drink is also a factor. Kipling's "single man in barracks" looked forward to a drunken Saturday night as his only release, and the Army traditionally turned a blind eye. It had, the officer suggested, its own remedies: "If they're drunk and they're meant to be on parade and you go to their room and they're lying in a pool of piss then you lock them up for a day."

The day after the arrest of the three soldiers for Louise Jensen's murder an army spokesman said that soldiers "work hard, play hard". Such explanations may not be excuses, but it fuels an image of sanctioned bad behaviour that does nothing to endear it to civilians - or potential recruits. Less than 1 per cent of soldiers are black, while approximately 6 per cent are women.

Despite attempts to recruit more soldiers from the ethnic minorities, the former officer said: "To be honest you'll get abuse whatever colour you are. If you're black you'll get called black bastard, if you're spotty you'll get called spotty bastard - it just depends what they see as your weakness."

The Ministry of Defence was keen to stress yesterday that the section dealing with behaviour in the Army was "one of the smaller elements of the review. The behavioural aspect will be caring for one's workforce, that sort of general heading", a spokesman said.

The former officer suggested, kindness can be a handicap: "They banned shouting at the young guys and, for example, they were allowed to run in trainers instead of their boots. But all that happened was that instead of weeding out the wrong guys early, these guys arrived in the regiment and couldn't hack it. "You actually needed the toughest ones to do the job. That's what the military culture is for."



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news

Gulf syndrome doctor quits

Kate Watson-Smyth

The military doctor heading the Government's medical assessment programme into Gulf War syndrome has left after criticism from veterans, it was announced last night.

Lieutenant Colonel Banu Bhatt replaced Group Captain Bill Coker, who had been involved in the investigations since the start of the inquiry in 1993, earlier this year. But there had been many com-

plaints about Lt Col Bhatt's work from veterans which culminated in public criticism in the House of Lords last week.

The Countess of Mar, who has championed the veterans' cause in the Lords, said many did not want to return because they were unhappy about the nature of the programme and did not believe the Lt Col was sufficiently concerned about their welfare.

Dr John Reid, armed forces minister, said Lt Col Bhatt had

left at his own request. He added that he deeply regretted that Lt Col Bhatt had felt "unable to continue his work" and the criticisms that had been levelled against him. He thanked him for his "conscientious and committed work" during what he described as a very demanding period.

Dr Reid acknowledged that the departure of Group Captain Coker from the programme had been a "source of disquiet" to many veterans. He was re-

moved from the medical programme before Easter and moved to Washington but yesterday it was announced that he will return to a new ministerial advisory unit.

Although he will continue his present post in Washington, Grp Cpt Coker will return regularly to Britain for discussions to help oversee the MoD's response to veterans' health concerns.

Dr Reid said: "I am very pleased indeed that he has

agreed to return to the UK regularly for discussions. I am sure this will be widely welcomed by the veterans and it is a further signal of this Government's intention to deal positively and openly with this issue."

Major Ian Hill, chairman of the National Gulf Veterans and Families Association, said: "I am highly delighted at this decision."

"He has so much expertise and there is no doubt he is the man for the job. His role will be crucial at a time when lots of re-

search and information is coming in."

The new MoD advisory group will include the Surgeon General, Air Marshal John Baird, and the head of the Gulf Veterans Illness Unit, Mike Tonnison. Other members will be co-opted from time to time.

A spokeswoman for the Ministry of Defence said a new head of medical assessment would be appointed in due course and a civilian doctor will take over on a temporary basis for now.

Two killings and a few more hopes for a peace in Ulster die also

by David McKittrick, Ireland correspondent

Even at this early stage there is a fearful suspicion that the IRA killings of two police officers may represent not just two more additions to the apparently endless litany of death, but also a turning-point in the troubles.

The killings took place just before noon: by late afternoon it was evident that the incident had succeeded in squeezing almost the last drop of optimism out of most observers and political participants. The fear is that the two murders were specifically aimed at producing an immediate loyalist backlash, a summer of violence and confrontation, the ending of the loyalist ceasefire and the disappearance of hopes for a fresh IRA cessation.

At worst, the fear is also that the leaders of the IRA have decided to impose a fundamental change of course on republicanism, dropping the aim of entry into all-party negotiations which in recent years has been one of their primary goals. If that has been put to the side, it leaves their movement with little obvious alternative but continuing and in all probability escalating terrorism.

While these are the most likely consequences of the Lurgan murders, it cannot be said with full confidence that the IRA is committed to engineering such a bleak future. In fact very little can be said with confidence because the killings have con-

foundered the analysis of almost everyone, including both the opponents of republicanism and its sympathisers.

The puzzle is because the IRA and Sinn Féin, in their blending of violence and politics, have generally been able to advance explanations. If not justifications, for their actions. In recent years these have been centred on the demand for entry into talks.

The 1994 cessation, it was explained, was declared by the IRA to facilitate Sinn Féin's arrival at the talks table. The February 1996 breakdown came about because for 17 months John Major refused to allow the republicans into the conference chamber. The rest of 1996 saw recurring republican violence, but this was accompanied by a further offer to John Major, which in effect he refused.

This explanation, while rejected by the Conservatives and by Unionist politicians, nonetheless gained widespread acceptance throughout nationalist Ireland and in other important power-points such as Washington. Tony Blair's accession to power thus raised hopes that a new start could now be made.

And so it seemed: Sinn Féin repeatedly set out its stall, indicating that a new ceasefire was on the cards in exchange for guaranteed entry into talks. Tony Blair and Mo Mowlam moved quickly, reopening the interrupted contacts with Sinn Féin.

Dr Mowlam publicly moved on a number of issues which had

concerned Sinn Féin, downgrading the formerly pre-eminent issue of de-commissioning and indicating that she, like the republicans, was intent on designing a fast-moving talks process. Two meetings between

her officials and Martin McGuinness did not go particularly well but a third was arranged even after the IRA attempted to set off a landmine in west Belfast.

Movement, momentum and

engagement was the order of the day, in other words, as the government was seen to be actively tackling Sinn Féin's concerns; the logic seemed to be as the difficulties eroded a new ceasefire might not be long de-

layed. But the IRA has now shattered that hope of early progress, at a stroke taking two lives, laying the basis for a terrible summer and raising anew the question of whether Tony Blair can do any real business



Turning point for the Troubles: The scene in Lurgan yesterday after two policemen were killed

Photograph: AP

Culinary mystery of the legless toads

Nicholas Schoon
Environment Correspondent

Hundreds of dead toads have been found in Scotland, minus their back legs. Investigators have been forced to conclude that the missing limbs are being passed off as frogs' legs for the restaurant trade.

"This case is one of the most bizarre I have seen," said Andrew Cunningham, veterinary pathologist at London Zoo's Institute of Zoology, which examined 14 toad corpses.

Frogs' legs make fairly rare appearances on British restaurant menus - and when they do they are usually imported. The slaughterer and his client remain a mystery, although there is the possibility that they were killed for private consumption.

More than 200 toad corpses were found along a half mile stretch of the river Esk in south-west Scotland in April. Initial suggestions were that they were the victim of some kind of pollution, or had been attacked by rats.

The Scottish Environmental Protection Agency investigated first, then sent some of the corpses to the Institute at Regent's Park, central London, where Mr Cunningham discovered the far more unpleasant truth.

He said: "The abdomens of all of the toads had been cut open and then the back legs had been turned inside out and the flesh removed, leaving only the skin. I can think of no other logical explanation than that a human did this - no animal could."

Mr Cunningham said the legs were extracted while the frogs were still alive.

L'Escargot in Greek Street, Soho, London, a Michelin one star restaurant, said the first floor restaurant served a frogs' legs dish.

A spokesman added: "We get ours from one of the Paris markets. I also used to serve them when I worked for the Roux brothers, and I'm not aware of anyone offering British frogs' legs for sale. And I've never heard of anyone selling toads' legs."

The Independent's food writer Simon Hopkinson said: "Frogs' legs are on the menu at a few restaurants and I do like them, although I would hope the animals were always killed humanely."

"The best way with them is to fry them in butter with garlic, parsley and a squeeze of lemon. I don't really like the thought of frog legs, though. It sounds somehow a bit muddy to me."



Toad in a hole: Did the missing legs end up on a plate?

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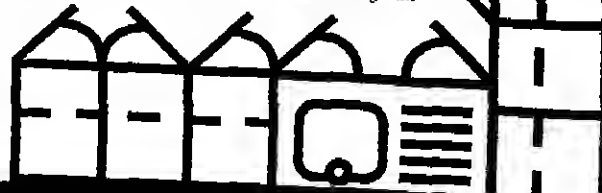
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Building societies besieged on float rumours

Nic Cicutti and Tom Stevenson

Norwich Union yesterday became the latest windfall bonanza on the stockmarket with nearly two million customers getting free shares worth at least £990.

But while Norwich Union staff celebrated with a special "city lunch", the Nationwide and Coventry building societies were forced to raise the minimum opening balance on many of their savings accounts and to bar new applications after coming under siege from speculators hoping to gain from potential free share windfalls.

Both societies, which have steadfastly declared their commitment to mutualism, said they had been inundated by people wanting to open new accounts.

At the Nationwide, 25,000 new accounts were opened in a single day last week, with some branches running out of pass-books as they tried to cope with

a flood of applications from the so-called "carpet-baggers".

A spokesman claimed yesterday that the large number of new openings were not from windfall speculators but from genuine savers attracted to its highly competitive rates.

"What we are seeing is that the number of accounts we would normally open has doubled in April and May. The amount of money coming in has actually quadrupled, we took in £700m in May alone," he said.

"But a large proportion of the openings is not speculative. For example what we are seeing is the average balance is £10,000 compared to the £500 minimum. A lot of that comes from demutualising societies."

The Nationwide is increasing the minimum balance on certain of its accounts to forestall carpet-baggers. These include the Capital Builder accounts, whose opening balance stood at £1,000, was dropped to £500 in April, but has now been put

back to its original figure. Invest Direct has gone up to £2,000.

Coventry Building Society said it had been pushed into halting new openings of MoneyMaker instant access and Bonus regular savings accounts.

All other accounts normally available via branch outlets would only be available to customers living within a limited number of Midlands postcodes.

Martin Richley, chief executive at the Coventry, said the

company regretted having to increase its opening balances. "It cannot be right that our business is being disrupted by speculators who have no regard to the long-term future and seek a quick windfall profit to which

they have no moral right whatsoever, which, should they be successful in their ambitions, will be made at the expense of genuine customers."

In the City, Norwich Union shares jumped to an early pre-

mium to the 290p strike price of its £2.4bn share offer, netting immediate profits for new shareholders. The shares closed at 324.5p after reaching 356p in early trading. The strong debut for the shares meant that almost

three million former members of the life and general insurance group received windfalls worth an average £1,300. Members who received the minimum 300 share handout have a share stake worth just under £1,000.



Wealth cheque: Norwich Union staff enjoy a taste of the good life after the life and insurance group was floated on the stockmarket yesterday

Photograph: Brian Harris

Paedophile held after TV claim

Glenda Cooper
Social Affairs Correspondent

Police arrested a suspected paedophile yesterday after a man claimed during a live television debate he had had sex with a series of underage boys.

As the man, filmed in silhouette and using the assumed name Lawrence, appeared on the BBC1 *Kilroy* programme, officers from the Twickenham police station went to the studio where they arrested him after the show. They had been tipped off by a member of the public.

The show was originally to have been concerned with the possible release of Graham Seddon a convicted paedophile from Merseyside. Mr Seddon who served six years of a nine-year sentence for the rape of a nine-year-old girl in Manchester in 1990, agreed this weekend he would become a voluntary patient under continuous medical supervision.

"Lawrence" responded to a request after Friday's programme which asked those who would like to participate in the show to call in.

The man in his 30s has never been convicted of a sexual offence but claimed to have had

sex with 17 or 18 underage boys over the last two decades. He alleged that all of them - between the ages of 13 and 15 - had given their consent except for a 14-year-old whom he had forced himself upon.

In the course of an interview with Robert Kilroy-Silk he said that he had had trouble getting drugs prescribed which would subdue his sex drive but added that he did not think his alleged actions were wrong.

"I think it's acceptable", he said. "I can't do anything about my sexual drive. Everyone's got one. You can't forget about it for the rest of your life."

Asked what would stop him committing such offences he replied that only death would stop him.

A spokesman for BBC Birmingham, which commissions *Kilroy*, said: "The *Kilroy* programme often deals with controversial issues and [yesterday's] discussion was no exception."

One of Seddon's victims appeared on the show and "Lawrence" was invited to appear on the programme to give insight into the psyche of a paedophile. "Lawrence" was last night in custody at Twickenham police station.

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Will this be the only sort of hunting no longer banned in the countryside?

Fran Abrams
Political Correspondent

The Government has given private backing to a Labour MP's anti-hunting Bill, it emerged last night, even though Downing Street has publicly refused to pledge support for the measure.

Civil servants have been made available to help draft the Bill, designed to stop the hunting of foxes, deer, hare and mink with dogs. Michael Foster, the MP for Worcester, is introducing the reform after coming top in a ballot for private members' Bills.

However, in a classic case of having-it-both-ways politics, a spokesman for Tony Blair refused to promise extra time to push the Bill through. There was speculation that while the Prime Minister personally supports a ban on hunting he does not want to jeopardise other legislation by antagonising pro-hunting campaigners in the Lords.

If the Bill passes a free vote in the House of Commons—as it is almost certain to do if it is put to a division of MPs—then there will be renewed pressure on the Government to support it. It is possible that even if it fails to pass all its Parliamentary stages before time runs out in Autumn, 1998, a new measure could be brought in later with government backing.

Introducing the Wild Mammals (Hunting with Dogs) Bill, Mr Foster said his move was supported by the majority of people in this country. A referendum in Worcester had shown more than 70 per cent in favour of a ban.

"I think it is a cruel and corrupt practice that should have ended centuries ago along with cock-fighting, bear-baiting and dog-fighting," said Mr Foster, who is a competition angler, but believes wild mammals feel pain in different ways from fish.

The measure, which will be debated in the Commons in November, was supported by a number of MPs from Labour and the Liberal Democrats as well as by animal welfare organisations.

Among those who appeared with Mr Foster at the launch of his Bill was Kevin McNamara, Labour MP for Hull North and a former frontbench spokesman, whose own Bill to ban hare-coursing was sunk last year.



Seasonal pursuit: A keen angler enjoying a session coarse fishing on the Thames at Wolvercote, near Oxford, yesterday

Photograph: Tom Pillion

Labour administration. The fate of his Bill could easily befall Mr Foster's measure. It was referred by the House of Lords to a special select committee, from which it never emerged.

The latest anti-hunting Bill has already met with fierce opposition from the field sports lobby, which argues that hunting keeps down the fox population and provides thousands

of jobs. It will also be opposed both in the Commons and in the Lords, where pro-hunting MPs and peers are determined to talk it out if possible.

In the Commons, the Conservative MP Peter Atkinson will lead the assault on the Bill along with former ministers Nicholas Soames and Sir Nicholas Lyell. They hope to talk it out before it can ever

reach the House of Lords. If it does go to the Upper House, it will be blocked by an alliance of peers, including the Labour Baroness Mallett and the Conservative Lords Kimball and Mancroft.

Lord Kimball, a former Tory MP and former chairman of the British Field Sports Society as well as a master of the Fitzwilliam and Cottesmore

Hounds, said he did not see any reason why the Bill should get through the Commons.

Of 16 anti-hunting measures brought forward under Labour in the 1970s, only two had got to the Lords, he said. He suggested that MPs would enjoy spending a Friday—the day on which Private Members' Bills are debated—talking it out.

"I remember talking about the Welsh National Opera all night so the hare coursing Bill never came up. This Bill has all the opportunities for a good day's sport in the Friday country," he said.

A spokesman for the British Field Sports Society said yesterday's announcement of the Bill's title, but not its full text, raised more questions than it answered. People who con-

trolled foxes by shooting them needed dogs to flush them out and to find them if they were injured, he suggested.

"Hunts want foxes to exist and they make sure they are controlled but kept as part of the countryside. We are very much afraid poisoning and illegal trapping and snaring will increase if this measure is passed," he said.

Arguments for and against the chase

Some people believe that hunting is a cruel and outdated sport. They argue that it causes unnecessary suffering to animals and that it is a waste of money. Others, however, believe that hunting is a traditional sport that has been part of British culture for centuries. They argue that it helps to control the population of wild animals and that it provides a valuable source of food and income for rural communities. The debate over hunting is a complex one, involving issues of animal welfare, tradition, and the environment.

Field sports army to confront Labour

Nicholas Schoon
Environment Correspondent

"This issue could be Labour's poll tax," said a senior officer in the British Field Sports Society shortly before the general election. "Our supporters keep saying to us: 'When are we coming up to London?'"

The answer is next month, on Thursday 10 July, when hunters and field-sports enthusiasts hold a midweek mass rally in Hyde Park. Nearly 600 coaches and several trains have been chartered, and the organisers are confident that tens of thousands will attend.

Meanwhile, two groups of marchers in favour of country sports set off from Caldebeck in Cumbria and Coldstream on the Scottish Borders, heading for London and the rally 400 miles away. Others are due to set off from Wales and Cornwall over the next two weekends.

"It will be a dignified, well-behaved meeting to show our weight of numbers," said a spokesman for the society which leads the campaign against the Bill. But there was a hint of more extreme protests to come. "If people feel that their livelihood is threatened, they will do what they will do."

The society's appeal for a fighting fund to campaign, lobby and advertise in order to save

hunting has already raised £350,000 and it is confident of stumping up £1m "now that the gloves are off."

It will seek to persuade an overwhelmingly urban electorate and its MPs of three things. First, that the sport is not the preserve of the wealthy and snobbish—hundreds of thousands of "ordinary" country-dwellers are hunt followers. Second, that a ban would be deeply damaging. It quotes an economic consultants' report which says nearly 14,000 jobs are dependent on hunting, including farriers and vets, stable hands and hunt servants. Third, that if hunting is banned then animal welfare campaigners will have a real chance of building up mass support for a ban on angling.

Robin Hanbury Tenison, the explorer and farmer who is the society's director, said: "Animal rights is a seamless agenda... I say to all field sports enthusiasts we are all together, we are all hunters."

The RSPCA has joined with the International Fund for Animal Welfare and the League Against Cruel Sports to form what they call an "anti-hunt supergroup" backing Michael Foster's Bill—which they see as their best chance ever to ban "a cruel and unnecessary sport."

The RSPCA's legal team is playing a key role in drafting it.

ready for its important second reading in the House of Commons in November. They are expected to spend a fortune on advertising during the next year. The RSPCA alone spends £1m on advertising in an ordinary year.

Kate Parmenter, the charity's head of public affairs, said: "Our advertising on really important animal welfare issues is known to be shocking, and we make no apologies for that."

Although there is a solid majority among MPs and the public which is opposed to hunting with hounds, Ms Parmenter said there could be no excuse for complacency about getting the Bill enacted. "No one is under any illusion that it will be a difficult task."

A key indicator of how much the Labour party cares about hunting now that it is in Government will be how fast and how far it progresses with its commitments to ban hunting from countryside owned by the Forestry Commission and the Ministry of Defence.

For its part, the British Field Sports Society has always had strong links with the Conservatives. For decades, its chairmen have been Tory MPs and the present incumbent, Dr Charles Goodson-Wickes, was an MP until he lost his Wimbledon seat on 1 May.



Bear-baiting largely died out in the 18th century because of the cost

Photograph: Hulton Getty

When baiting bears and bulls was legal...

Nicholas Schoon

One of the first attempts to outlaw a cruel bloodsport in Britain was made in 1800, when MP Sir William Pulteney introduced a Bill to ban bull-baiting with dogs. It was fiercely debated, with the future prime minister George Canning declaring that "the amusement inspired courage and produced a nobleness of sentiment and elevation of mind".

The Bill was lost by two votes and *The Times* approved, saying that any law which interfered with how a man chose to spend his leisure was tyranny. Broadsheet columnists still take the same libertarian line today to defend fox-hunting with hounds.

Bull-baiting was eventually banned. Bear baiting largely died out in the 18th century, partly because it became so expensive to import bears—which had long been extinct in Britain and were becoming extremely rare in Europe. It was formally outlawed in 1835, thanks to a Bill introduced by South Durham MP Joseph Pease who was a member of the RSPCA committee.

Cock-fighting and dog-fighting were also banned under Pease's 1835 Act. But the legislation was not fully effective in ending cock-fighting, and the 1911 Protection of Animals Act made it illegal to keep a place for cock-fighting purposes. Furthermore, the 1952 Cock-fighting Act made it illegal to possess any instrument or appliance that can be adapted for cock-fighting.

Otter-hunting was only outlawed once the otter was given full protection from any kind of human persecution in a 1977 Government order. By then the mammal's English population had crashed and it was seriously threatened, partly due to hunting but mainly by organochlorine pesticides. The badger is also given full legal protection, although illegal baiting with dogs still continues.

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Prescott takes central line on Tube

Randeep Ramesh
Transport Correspondent

John Prescott, the Deputy Prime Minister, yesterday ruled out wholesale privatisation of the London Underground but admitted that the Government is looking at ways of bringing in private-sector investment to improve services on the cash-strapped network.

Mr Prescott indicated this might involve "public-private partnerships". Other possible options included setting up a trust to guide investment, or modifying Treasury rules to enable modernisation to go ahead.

"I will find the money, other than from the Treasury, to see we modernise the Underground before it is flooded from all the water in the Thames," he pledged on BBC radio.

Any suggestion that the Tube could be privatised completely received a set back yesterday with the publication of a new report. The study, by Stephen Glaister

and Tony Travers, from the London School of Economics, states that the "core Underground is a liability rather than an asset". It adds that the Government would need to invest £1.6bn in order to make the system attractive enough for the private sector to take the Tube off its hands.

The real problem is that Labour is committed to onerous public-spending targets as well as upgrading the Underground. Senior Tube managers claim the service needs £150m immediately to prevent the present service from deteriorating.

The report highlights other sources of income that could be tapped; the two academics say that a local levy in the Eighties raised nearly £190m a year for public transport. Money could also be collected from London businesses – a scheme used in Paris to fund the glittering Metro.

The report also points out that studies show "congestion charging" could raise money for public transport as well as discourage the use of cars. This system has worked well in Oslo.

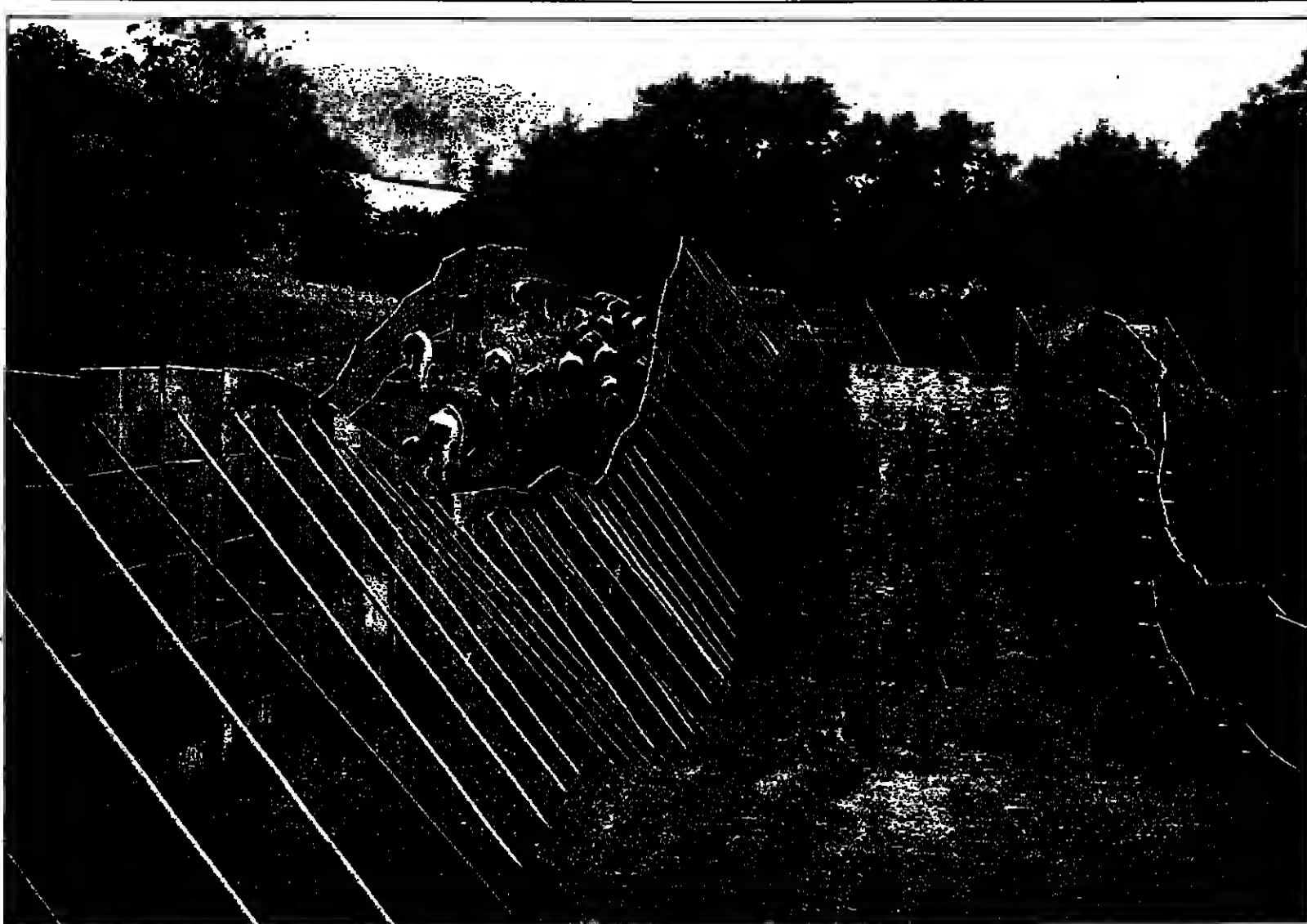
Festival brings in heavy metal to keep the peace

James Mellor

Rock and roll will come under lock and key at this year's Glastonbury festival as organisers impose the most concerted clampdown yet on gatecrashers.

The three-day festival, staged at Worthy Farm, Pilton, Somerset, opens on Friday next week and preparations have included a mammoth security operation. The six-mile perimeter of the festival site has been surrounded by two forbidding steel fences, increased to three at vulnerable points.

Organisers have added manned watchtowers and moats – areas of dead land between fences – where, as both inside and outside, security guards will patrol.



Ring of steel: Michael Eavis's dairy herd walks between the fences along the perimeter of the Glastonbury site

Photograph: Peter Macdiarmid

A spokesman for Michael Eavis, the owner of Worthy Farm and Labour candidate for Wells at the general election, who has organised the festival over the past 27 years, said: "There will be more people than ever before involved in patrolling the site and security is strong. If people do not have a ticket there is no point in coming down. They will not get in and there is always a danger of

falling prey to ticket touts or pickpockets."

Mr Eavis, 61, inspired by Shepton Mallet's Bath Blues festival – into which he and his wife gained access by sneaking through a hole in the fence – launched the Glastonbury festival in 1970. Marc Bolan played to a crowd of fewer than 1,000 people. This year, 90,500 tickets have been sold and the cost of setting up the event is calculated at £6m.

However, in the past, the festival has been beset by stew-arding and policing problems. In 1995 an estimated 20,000 people gained entry to the site without tickets.

During the past month Avon and Somerset police have seized drugs they believe were destined for this year's festival in a number of raids. Last month, heroin valued at more than £2m was discovered at a Bristol railway station.

Inspector Keith Jones said: "Glastonbury is the biggest operation this force polices. We have been clearing the streets of drugs prior to the festival because we are aware the event increases drug use in the area."

Post Office seeks taste of private sector

Barrie Clement
Labour Editor

The Post Office announced the search for a company to help run its massive catering operation in the first concrete evidence that ministers welcome private sector involvement in state-owned enterprises.

With approval of the Government, the Post Office-owned business, which enjoys a £70m turnover and claims to be the fifth largest caterer in the country, is looking for a company to take a 49 per cent shareholding.

It is also the first indication that the Government intends to pursue its policy of granting the Post Office greater commercial freedom.

The catering division, known as Quadrant, provides services for other publicly owned organisations and it is expected that it will now seek a considerable extension of its interests elsewhere.

CWU officials were, however, concerned that it may signal the beginning of a drive to "contract-out" peripheral Post Office activities or even that it could preface the privatisation of major slices of the enterprise.

Mr Hodgson gave what he described as a "cautious welcome" to the initiative. The plan would mean that his members were still governed by Post Office conditions. Nevertheless, he said he had been assured by Ian McCartney, trade and industry minister, that it would not be seen as a blueprint for how the Post Office's core businesses would be granted more commercial freedom.

Mick Linsell, Royal Mail assistant managing director, said the Post Office had chosen to keep a majority shareholding so that the business would remain "very much part of its parent company".

He said external involvement would provide additional expertise and enhanced purchasing power. Consideration had been given to contracting out catering completely but it was decided a "partnership" was the best option.

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Tougher glasses to cut pub violence

Ian Burrell

Drinking from a designer beer bottle could be barred with the introduction of millions of specially toughened beer glasses in an effort to reduce the carnage from drunken pub brawls.

Bars and nightclubs are to receive eight million new pint pots which have been subjected to a coning process which means they are much more difficult to break. If they do smash, they break into tiny and harmless pieces, similar to those in a broken car windscreen.

Allan Charlesworth, the Association of Chief Police Officers spokesman on licensing issues, called for the new toughened glasses to be made compulsory, particularly in pubs and nightclubs which attract a high proportion of young people.

"The weight of evidence makes it imperative for the use of toughened glass to be included as a condition of a licence," he said.

Mr Charlesworth, Assistant Chief Constable of West Yorkshire Police, demanded the banning of drinking directly from bottles. "Naturally there is opposition to this stance from retailers since the practice has become fashionable and has commercial implications. However, Acpo believes the promotion of community safety and the reduction of crime overrides other considerations."

Demaglass, Britain's biggest producer of glasses for the drinks industry, has switched to the new process following comments by Jack Straw, the Home Secretary, that he wished to take action to reduce the number of glassing incidents.

Mr Straw has already asked Alun Michael and George Howarth, the Home Office ministers with responsibility for crime prevention and licensing, to look at ways of increasing

the availability of safer glasses. The industry has been under pressure to reduce alcohol-related crime and Glenda Jackson, Transport minister, has called for pubs to be given penalty points when violence occurs on their premises.

Heston Daniel lost the sight in one eye after a beer glass was pushed into his face in a pub in London as he tried to defuse a row after beer was thrown over friends during a karaoke night.

Jeremy Clarke, of Demaglass, said the new toughened glasses were between 10 and 15 per cent more expensive to produce. "It is often innocent parties that get caught up in pub fights and get cut," he said. "This will help to create a safer drinking environment."

The decision to introduce the toughened glasses follows 10 years of campaigning by Professor Jonathan Shepherd, of Cardiff Royal Infirmary. He began his crusade after being horrified by the succession of badly wounded and scarred pub-goers who every weekend were brought into hospital.

Every year there are around 5,500 attacks in which glass is used as a weapon. Professor Shepherd found that 75 per cent of such attacks were carried out with straight-sided pint glasses and 15 per cent with bottles.

The standard pint glass tends to break at the rim, leaving a jagged edge and a firm base, he said. "You could not design a more ghastly weapon."

Laboratory tests by the Cardiff team have shown that the toughened beer glasses were six times more difficult to break than the standard ones.

Mark Bennett, of Alcohol Concern, said: "For a worrying proportion of people, alcohol makes them feel aggressive and behave violently. The toughened glasses will help ensure that a weapon is not instantly at hand."

The call to prayer ... and a new job



Job seekers: Muslims at the East London Mosque in Whitechapel signing up for the Telco initiative to get the area's unemployed back to work

Photograph: Karpesh Lathiga

Jack O'Sullivan

Muslims turn mosque into a centre to help the unemployed

They may be just emerging from prayer, but their minds are already turning to work. The unemployed among 3,000 Muslims attending the East London Mosque in Whitechapel can now register for jobs when they worship. They are being asked to give their names, describe their skills, the job they want and the training they need. Details will be passed on to training schemes and large employers.

The initiative, which began last week, is pioneered by The East London Communities Or-

ganisation (Telco) in an attempt to make sure that more employment in Dockland's vast construction schemes is available to local people.

Telco is one of the new broad-based citizens' action groups that have sprung up in inner cities in recent years and aims to win 20 per cent of construction jobs for local people.

Throughout the summer, schools, churches, YMCAs and community halls will also be opening their doors to register

job seekers. They are all keen for jobs on the Royal Docks development, the Millennium site at Greenwich, the Jubilee Line extension, Canary Wharf, the development of new bank premises on the eastern outskirts of the City of London and sundry other schemes that promise to turn the area into Europe's biggest building site.

Jabul Hussain, 23, who lives with his parents in Stepney, is one of the hopeful who has registered at the East London

Mosque. He graduated last year with a degree in mechanical engineering from the University of Westminster. Like many attending the mosque, his family is Bangladeshi and he has failed to get a local job, despite the economic boom in the area.

"Construction companies want apprentices straight out of school and say I'm overqualified. The only way to get in at my level is through graduate recruitment schemes, which I missed out on," Mr Hussain cur-

rently earns £100 a week as a part-time sales assistant.

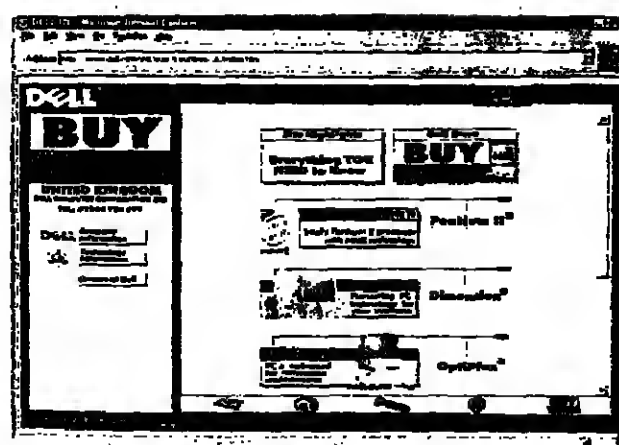
However, a lot of those registering are unskilled and poorly educated. Altafur Rahman, 20, is a part-time youth worker, who arrived from Bangladesh three years ago. He said: "I've not been able to get on any training course suitable for me. The one I did join was in customer service training but it had to close for lack of funding."

The decision to use the mosque to register people for

work has caused controversy among the congregation.

Mueenuddin Chowdhury, vice-chairman of the mosque, the oldest in Britain, said: "I have explained to people that the mosque is not only a place of worship. It has been a vibrant community centre since the days of the Prophet Mohammed. We are concerned about housing and unemployment among our people and we realise that the only way we can do something about it is if local institutions find common cause. If not, we will continue to be marginalised and ignored."

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Labour MP loses whip over bribery claims

Fran Abrams
Political Correspondent

The Labour Party is to take disciplinary action against Mohammed Sarwar, the MP at the centre of bribery allegations, it was confirmed last night.

A party disciplinary committee decided yesterday that Mr Sarwar, who gave £5,000 to an election rival but said that it was a loan, had failed to explain himself adequately. There was a prima-facie case that he was guilty of "action grossly detrimental to the party", a report into the affair said.

The new MP for Glasgow Govan will lose the right to hold Labour Party office and will have the Parliamentary whip suspended. His local party will be suspended until October, and its affairs will be run by Scottish Labour Party officials alongside its existing officers.

Mr Sarwar, Britain's first Muslim MP, has denied that he tried to bribe Bardar Islam, an independent Labour candidate, to ease off his election campaign. He faces further allegations that he bribed two other fringe candidates, Peter Paton and Jamil Abbassi.

Police are investigating the allegation and a further claim that he tried to rig the ballot by enrolling new voters.

The party report, passed yesterday by the organisation committee of Labour's National

Executive Committee, said: "His conduct, even if legal and unconnected with the election, is unbecoming and totally inappropriate for a Labour MP."

The action against Mr Sarwar will be two-pronged. Tomorrow, Labour MPs are expected to approve a rule which would allow the chief whip, Nick Browne, to adopt a new power to suspend an MP from the Parliamentary Labour Party without any presumption of guilt. Next week, the National Executive Committee will approve his suspension from party office and action against his local party.

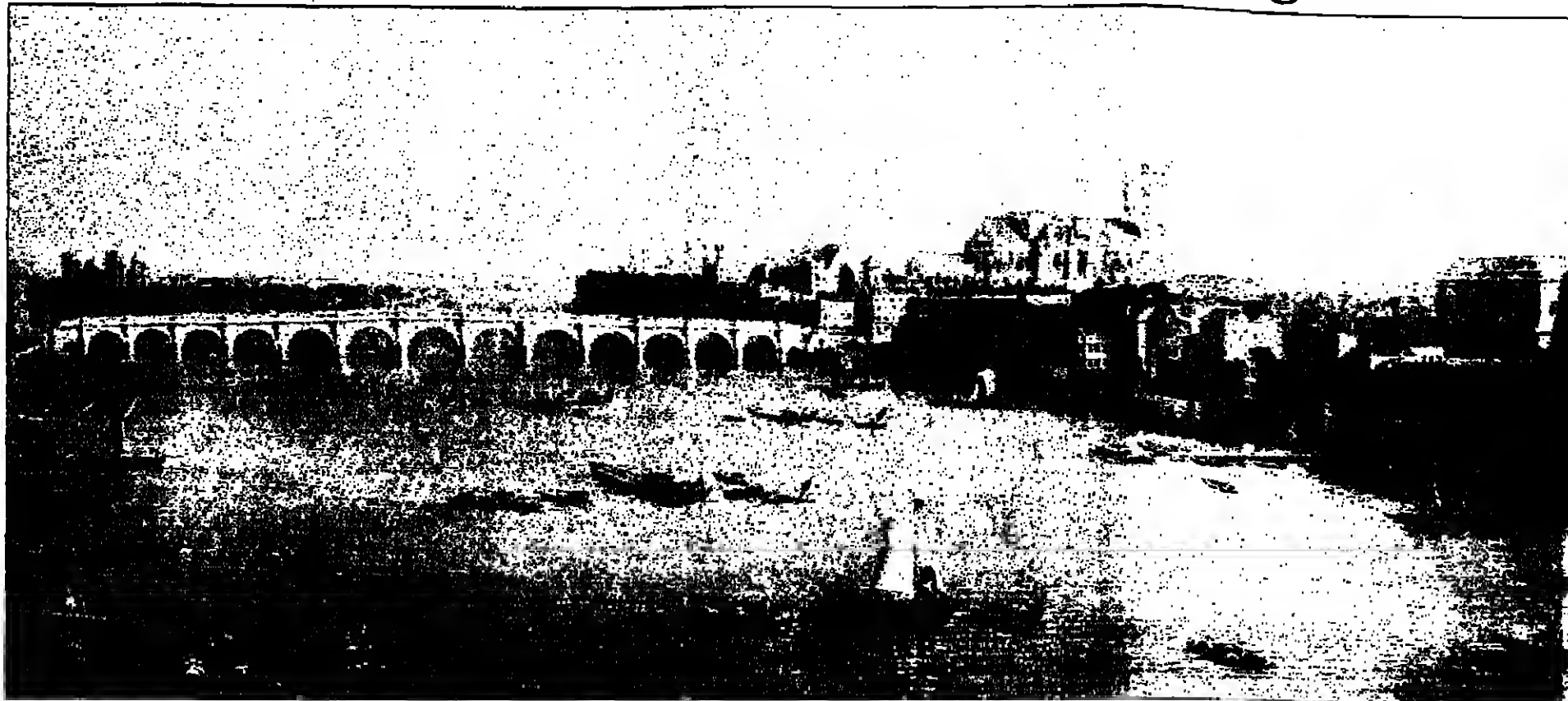
Last night Mr Sarwar said that he was confident that the police inquiries would clear his name.

"I sincerely hope that once this has happened, the National Executive will lift the suspension. In the meantime I will continue to serve the Labour Party and the people of Govan to the best of my ability," he said in a statement.

Mr Sarwar will lose the right to attend Labour meetings to the House of Commons but will still remain an MP. He will be allowed to attend branch meetings of his local party but not to sit on any committees.

The report recommended that the party's investigation should now be frozen until the police inquiry has been completed.

The Mother of Parliaments with her childhood neighbours



Broad vision: Panoramic view of 18th-century London by Italian painter Antonio Joli, to be sold at Sotheby's on 9 July, showing Westminster Bridge and sweeping across St John's Westminster, the Houses of Parliament, Westminster Hall and Westminster Abbey. The painting is estimated to fetch £600,000-£800,000. Photograph: John Voos

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Tighter rules to deport illegal asylum-seekers

Fran Abrams
Political Correspondent

Lobby groups for asylum-seekers called for a full review of the government's procedures on refugees last night after it was confirmed that ministers want to step up the enforcement of deportation orders.

A document calling for fairer asylum procedures will be submitted to Jack Straw, the Home Secretary, within the next few days by the Asylum Rights Campaign, an umbrella organisation. The group wants the rules changed so that families are not broken up.

But a Home Office spokesman said last night that ministers wanted to take a tough approach towards illegal immigrants and asylum-seekers who remained in this country without permission.

The spokesman said: "The government is going to exercise a firm policy on persons who have no right to be here."

Figures published by the government last week showed that although the number of deportation orders more than doubled during the last Parliament from 900 in 1992 to 1,900 in 1996, enforcements actually

dropped from 2,600 to 1,900.

The number of people who are currently facing deportation runs into tens of thousands. Although the Home Office could not confirm the exact numbers, its spokesman said that 20,900 illegal immigrants were caught last year.

In addition, 28,000 people had applied for asylum in 1996 but the proportion being refused was running at around 80 per cent.

The government has already abolished two measures introduced by the Tories to tighten up immigration procedures. The primary purpose rule, designed to stop couples marrying solely so that one of them can enter the country, ceased to operate earlier this month and measures which forced some asylum-seekers to leave the country to appeal against decisions have also been stopped.

Claude Moraes, director of the Joint Council for the Welfare of Immigrants, said: "Illegal immigration is a genuine problem both with people who arrive here clandestinely and with over-stayers, and there needs to be a strategic approach which looks at family unity and asylum procedure."

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Amsterdam summit

Europe's new order takes shape

Germany and France settle row over jobs

Sarah Helm
Amsterdam

France and Germany yesterday patched up their differences over how to ensure the single currency creates new jobs, but the deal is unlikely to offer new hope to Europe's 18 million unemployed.

During the hard bargaining which produced the agreement at yesterday's Amsterdam summit, it was France, which had demanded new spending to spur growth, which gave ground, while Germany refused to dilute fiscal austerity measures.

The deal, based on a new resolution on jobs and growth, demonstrates that Europe's leaders now recognise the importance of job creation. At the weekend 30,000 unemployed protesters brought their demands to the streets of Amsterdam. The deal also allows European Union leaders to sign the crucial framework of rules for running monetary union known as the stability pact, thereby claiming that the euro is once again back on track.

Yesterday's moves are to be followed up by a special "summit for jobs" in October. This will help leaders argue that unity of purpose has been restored. Britain is committed to putting job creation at the top of its agenda when it takes over the EU presidency in January.

Tony Blair, who backed Helmut Kohl, the German Chancellor, during the jobs debate, argued that the agreed resolution reflected several British priorities on job creation, by emphasising the general objective of achieving flexible job markets and "employability".

However, the new jobs and growth resolution, though strong on promises to share experiences and look at good practices, offers little in the way of concrete new ideas to tackle the unemployment crisis.

The European Investment Bank, Europe's long-term in-

vestment house, has been invited to use its role more effectively by lending to small businesses, as well as EU projects in areas of education, health care, the environment and transport networks. However, the resolution contains no suggestion that new money can be used to promote investment, as France had hoped.

Lionel Jospin, the French Prime Minister, wanted a new political body to be formed which would set economic priorities, as a counter-weight to the monetary policies pursued by the European Central Bank. The final deal reaffirms that the EU must be committed to economic as well as monetary priorities, but falls short of signalling creation of an economic government to enforce those commitments.

In the weeks and months ahead it remains doubtful whether Mr Jospin will be able to sell the agreement to the French people. Despite the declarations of new will to proceed towards the January 1999 deadline for Economic and Monetary Union, it also remains doubtful whether the agreement will prove to be anything but a temporary fig leaf used to hide the rift which has opened up between France and Germany over euro zone priorities.

The jobs row erupted after Mr Jospin's election and swiftly escalated into the most serious conflict yet to hit planning for the single currency. Mr Jospin was elected on a pledge to create 700,000 jobs in France and to re-balance Europe's single currency rules in order to promote greater emphasis on a "social Europe" and growth.

However, the French objectives set him on a collision course with Mr Kohl, who was determined to resist any moves which would involve more public spending to promote growth, or which might weaken the euro's economic criteria or stability pact.



For the record: Tony Blair, watched by a 'wall' of photographers, walks up to be welcomed by the Dutch Prime Minister, Wim Kok, and the Foreign Minister, Hans Van Mierlo, before the start of the EU summit in Amsterdam yesterday. Photograph: AFP

Bonn banks on London's driving force

Imre Karacs
Bonn

Germany's chancellor-in-waiting yesterday endorsed Britain's claim for a place at the top table of Europe, declaring that the beautiful relationship between Bonn and Paris was dead.

Gerhard Schröder, the opposition politician expected to challenge Helmut Kohl in next year's elections, said: "The days when the French President and the German Chancellor could decide everything that went on [in Europe] are over."

"The Franco-German axis must be transformed into a triangle involving London."

Mr Schröder, a Social Democrat very much in the Blair mould, said he expected Britain to be the driving force behind a "renaissance" of European politics. In an interview with the financial daily *Handelsblatt*, he welcomed Britain's renewed interest in Europe, and aligned himself with London's prescription for tackling mass unemployment.

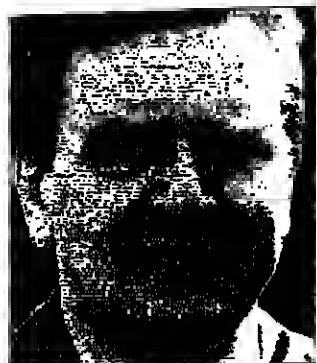
On this, as on many other issues, Mr Schröder is closer to the views of the German government than to his own party, which even yesterday was urging a vast Europe-wide spending programme to fight joblessness. "I have difficulties with the idea," said Mr Schröder, "that we here in Germany can implement a publicly funded job-creation programme, the way Jospin is planning to do it in France."

But while differences persist over job creation, even the left wing of Mr Schröder's party has realised the proposed EU-wide job creation schemes would have to be financed by Germany. And whatever their sentiments on the euro, all German parties have been horrified by what they see as French attempts to undermine the stability of the common currency. Mr Schröder's suggestion

that the marriage of convenience between France and Germany should give way to a ménage à trois is certain to be well received in Bonn. Though German ministers have refrained from commenting on recent goings-on in Paris, the frown on Mr Kohl's face as he met French colleagues last week spoke for itself.

For the past years, the two countries had worked hard chipping together a common draft for the revised Maastricht Treaty. For France to have threatened to veto that now amounted to a stab in the back.

Getting London involved would free Germany from the shackles of its untrustworthy



Gerhard Schröder: Special relations with Paris are dead

friend, but it would have to be handled with sensitivity. Italy has already complained that there are not three but four big players in Europe.

Some deal will have to be found, partly because Germany dreads being left alone, but mainly because London's and Bonn's interests overlap. As recent events have shown, they already have much in common. After Amsterdam, the focus of reform will shift to the decision-making process, where both Britain and Germany want to have a greater say in community affairs to the detriment of countries with smaller populations.

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Stutton, Leicestershire,
N. Yorks

Terms and conditions: 1. Applications for the Golf Directory must be received by 31st May 1997. 2. A £5 cheque must be made payable to 2-FORE-1. 3. The £5 cheque must be made payable to 2-FORE-1. 4. The £5 cheque must be made payable to 2-FORE-1. 5. The £5 cheque must be made payable to 2-FORE-1. 6. The £5 cheque must be made payable to 2-FORE-1. 7. The £5 cheque must be made payable to 2-FORE-1. 8. The £5 cheque must be made payable to 2-FORE-1. 9. The £5 cheque must be made payable to 2-FORE-1. 10. The £5 cheque must be made payable to 2-FORE-1. 11. The £5 cheque must be made payable to 2-FORE-1. 12. The £5 cheque must be made payable to 2-FORE-1. 13. The £5 cheque must be made payable to 2-FORE-1. 14. The £5 cheque must be made payable to 2-FORE-1. 15. The £5 cheque must be made payable to 2-FORE-1. 16. The £5 cheque must be made payable to 2-FORE-1. 17. The £5 cheque must be made payable to 2-FORE-1. 18. The £5 cheque must be made payable to 2-FORE-1. 19. 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Hong Kong 香港 handover

Peking revellers will party to order

Teresa Poole
Peking

"It's going to be an organised event, so ordinary people are advised not to go there, to stay at home, and watch television," said Long Ximin, from the Leading Group of Peking's Activities for Celebrating the Return of Hong Kong to the Motherland yesterday.

But for 100,000 selected participants, the night of 30 June will mean an all-night party in Tiananmen Square, where the guests must have the stamina to last until sunrise.

The very precise organisation means that the event will start at 10pm, but revellers will stay until exactly 5.10am for the dawn raising of the national flag.

With the just weeks to go before the handover, China yesterday gave the first details of its own planned celebrations, events during which spontaneity is not encouraged.

Nothing has been left to chance. It has already been decreed, for instance, that as midnight approaches, the 100,000 people in Tiananmen Square will only shout out a public countdown for the final 10 seconds.

At midnight, they will break into the national anthem in unison with the mainland leadership who are down in Hong Kong for the official handover ceremony.

Three giant television screens will be erected in the square so that everyone can watch the Hong Kong swearing in ceremony for the new Peking-blessed legislature, followed by more fireworks and celebrations. No one mentioned what would happen if it rained.

Two days of activities will reach a climax with a gala show on the evening of 1 July at the Workers' Stadium, with 18,000 performers and in the presence of President Jiang Zemin, who



Clearing out: Chinese workers removing the Queen's portrait from the dining room at the Prince of Wales's Barracks in Hong Kong. After the British troops withdraw the base will be taken over by the Chinese military. Photograph: Reuters

has decided not to hang around in Hong Kong.

"It will be grander than any event held ever before at the stadium," said Zhu Zuhui, one of its organisers, adding that it would consume twice as much

electricity as any previous event. Applying the principle of "grandeur going with frugality", company sponsorship has been encouraged; the Peking Yangshang Oil and Chemical Company has provided 12,000

square metres of carpet, and the China Oil and Chemical Company is putting up 200 canisters of helium.

The whole of Peking is already gearing itself up for the handover, amid a government-encouraged state of euphoria based on the principle that, as Mr Long reiterated yesterday, the return of Hong Kong is "a grand event whereby the Chinese people will wipe away the humiliation of the past 100 years". Officially it is described as a "campaign of patriotism".

Giant banners started going up at the weekend, and by 28 June there will be 100,000 of them strung around the city, and 800,000 illumination lights. A national flag 97.5 metres wide and 65 metres deep has been made for the celebrations.

No day goes by now without work units being organised to partake in handover activities. Each one must get the official go-ahead. This past weekend included a "Create A Beautiful Tomorrow Jointly" evening par-

ty by the East District residents in front of the International Hotel; 25 Yangko folk dance teams in front of the All China Women's Association building performing a "Millions of People Celebrate the Return of Hong Kong Heartily" dance; and in front of the Air China Ticket Building, the Peking No 4 School for deaf-mutes performed the dance "Silence Expectation".

Party, government and army organisations are all involved in the preparations, and it goes without saying the security will be very tight on the night.

Only those Chinese with passes will be allowed anywhere near the official Peking events, and Tiananmen Square will be cordoned off from the afternoon of 30 June.

The Chinese government is most worried about the threat of disturbances from the Muslim Uighur separatists from Xinjiang province, who staged a series of bus bombs earlier this year.

China's era of humiliation nears its close

At the stroke of midnight on 30 June, British sovereignty ends after 155 years and Chinese rule begins. This represents a critical symbolic moment because it touches how people feel about the past and the future.

The loss of Hong Kong in the 1840s represented the beginning of the end of imperial China. It also signified the painful start of the Middle Kingdom's modern era. Now, with the return of Hong Kong to China, perhaps it will complete a cycle of turbulent transformation for an old civilisation, dragging itself out of self-imposed isolation.

The experience of having been humbled by foreign powers last century still weighs uncomfortably on the collective Chinese psyche. Despite its grand achievements and long history, China lost confidence in itself when its efforts were so inadequate in resisting foreign aggression. Its psyche is still in agony and in need of healing.

The re-taking of Hong Kong, therefore, has great symbolic significance for China. It closes a long chapter of national shame. Britain might wish to gloss over the same period of history when its warships and troops despoiled a weak nation.

At this significant moment, will China be in a vengeful or magnanimous mood? Will it want to publicly censure Britain's plundering past? As for Britain, might it feel that there is nothing to apologise about since everything happened a long time ago, and under British tutelage, Hong Kong has become a successful, modern city?

I would neither wish to hear China dwell too heavily on the past about British treachery, nor hear Britain deliver an apology about its colonial benevolence.

If Britain can bring itself to do so, its government should say sorry about the past. This could help break China's defensive armour. It would also be good if Britain can be sensitive to how Hong Kong people feel.

If China can put aside its own fear of inadequacy, its leaders should be gracious, and forward-looking. During the final



Changing Lives: Christine Loh (above), one of Hong Kong's leading democrats, says Britain should apologise for the past

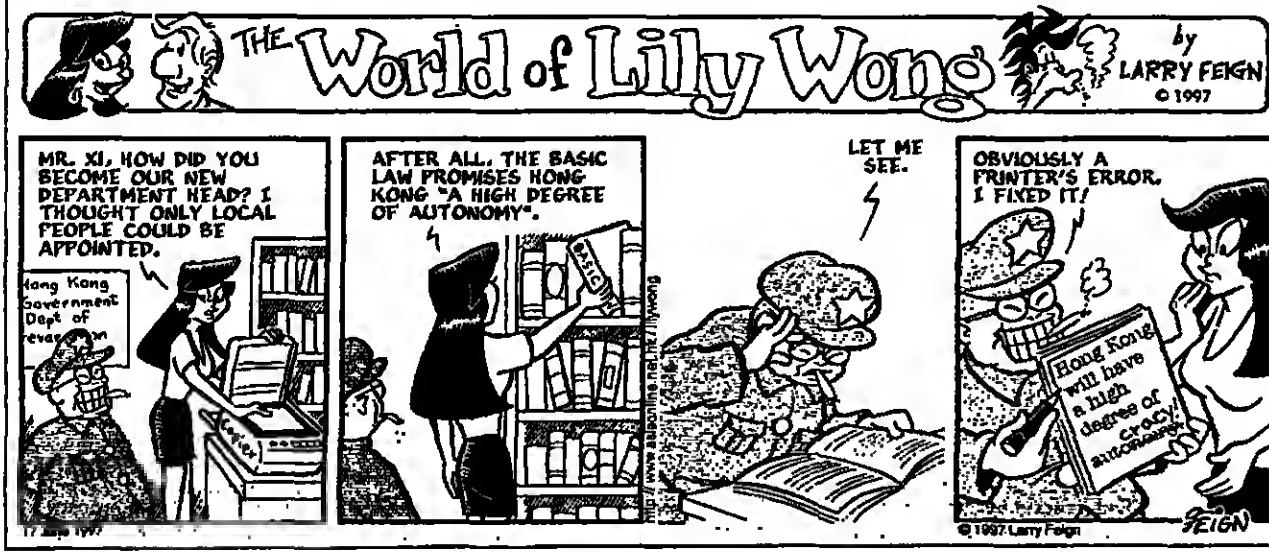
hours of the transition, Chinese leaders have a very special window of time to speak about the aspirations of the Chinese people for a modern and confident China. This moment is not to be missed: it will set the tone of the China of the 21st century.

Both Britain and China have choices about how they wish to conduct themselves. Both governments can choose to beat their breasts in self-righteous manner, or they can choose to treasure a significant moment in honour of their people. I would much prefer the latter. I would like to say goodbye to the British cordially.

I would like to welcome China in the hope that with efforts on both sides, Hong Kong and China can iron out the problems inherent in the two very different societies. A display of openness and graciousness from China will do much to enhance the birth of Hong Kong as a special administrative region.

Meaning, such as excluding democrats from the incoming government's celebrations, will only show that China still lacks the self-confidence it so desires.

This is the first in an occasional series by Christine Loh, chair of the Citizens Party, on Hong Kong before and after the handover.



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Turkey launches Islam's answer to G7

Prime Minister Necmettin Erbakan sees his dream of a new Muslim economic club realised

Christopher de Ballageur
Istanbul

A force promoting "peace and harmony" is how Necmettin Erbakan, Turkey's first Islamist leader, yesterday described the Developing Eight, an organisation he has just formed.

Prime Minister Erbakan is understandable: Turks and others laughed at Mr Erbakan when he suggested forming a club for ambitious Muslim countries.

On Sunday, however, representatives from Turkey, Nigeria, Indonesia, Egypt, Pakistan, Malaysia, Bangladesh and Iran met in Istanbul to enshrine the principles of what will be known as the D8. What is more, all save Nigeria sent either their President or Prime Minister. Even the fragile President Suharto of Indonesia made an appearance, although he snoozed through Sunday's speeches.

The most noted absentee was Hosni Mubarak, Egypt's President, who is angry with Turkey for attacking Kurdish guerrillas in Northern Iraq.

Apart from a piqued Egypt, the new club faces other challenges. Dispersed over three continents, D8 countries have little obvious common ground. Despite signing on Sunday a seductive commitment to "democracy rather than oppression", few D8 member states are democratic. While all are Muslim, there is a big difference between Nigeria, say, which has a big Christian minority, and Iran's Shia theocracy.

But when leaders forget tiresome details like these—as they did on Sunday—Muslim unity among developing countries is an enticing theme. When Mr Erbakan said yesterday that the D8 was not a Muslim club, he did so for the benefit of a sceptical Western press: D8 members reckon it is. What is more, they say the D8's limited numbers make it more effective than the cumbersome Organisation of Islamic Countries, a 56-member forum which agrees on little but save its antipathy to Israel.

What the D8 is for is not yet clear. Not for wielding economic clout; the combined gross national product of the D8 countries is little more than half that of Italy, the weakest member of the D8's rich, Western equivalent, the G7. And the new club makes little sense as a trading bloc either; so far, apart from each another, the more dynamic members of D8 prefer to do business with neighbours and with the West, regardless of religious distinction.

That leaves politics. This was apparent when Nawaz Sharif, Pakistan's Prime Minister, used his speech at the summit to attack India's position on the disputed territories of Jammu and Kashmir. Mr Sharif confirmed suspicions that Pakistan will try and get the D8 to pressure India on the subject when he told *The Independent*: "We highlighted the problem today and will continue doing so until the issue is resolved."

It is unlikely that the D8—a "non-political organisation" according to its architect—will take up cudgels on behalf of Pakistan. It is equally hard to see it coming down hard on Israel and the US, as Iran wants it to.



Gesture politics: Necmettin Erbakan, Turkey's Prime Minister, outlining the aims and purpose of the D8 organisation in Istanbul yesterday

Galloping defence co-operation between Turkey and Israel makes this impossible.

By next December, when the D8 leaders are scheduled to meet in Dhaka, it will be clearer whether the organisation is a mildly anti-Western talking-shop or a first step towards mutually beneficial co-operation. Sunday's declaration was longer on commitment to ideals than it was on costed proposals.

The organisation may face its first major test as early as tomorrow, when Mr Erbakan is expected to step down as Turkey's Prime Minister.

Future Prime Ministers may decide that Turkey should not—as it does now—pay the bills for the D8 secretariat in Istanbul. Mr Erbakan's most likely replacement, Tansu Ciller, gave an indication of her attitude towards the organisation when she gave a press conference on Saturday. Despite being under the same roof as Messrs Rafsanjani and Suharto, she made no reference to the D8, but concentrated on domestic politics.

Istanbul (Reuters) — Unidentified assailants launched a rocket attack on the main police headquarters in Istanbul yesterday, the Anatolian news agency said. A building housing the narcotics squad was hit but it was not immediately clear if there were any injuries.

West attacks Tudjman's flawed poll victory

Zoran Radosavljevic
Reuters

Zagreb — Croatian President Franjo Tudjman won a convincing re-election victory yesterday. He pledged that his immediate priority would be to attack low living standards, which have been hit by war and recession.

With just over 90 per cent of Sunday's votes counted, Mr Tudjman had won over 61 per cent with Social Democrat Zdravko Tomac on 21 per cent and Vlado Gotovac of the Social Liberal Party on just under 18 per cent.

The Organisation for Security and Cooperation in Europe (OSCE), which monitored the election, said it was free but not fair because of Mr Tudjman's domination of state television.

US Senator Paul Simon, who headed the OSCE mission, said Mr Tudjman would probably have won anyway but added: "While candidates were able to speak freely, the process leading up to the election was fundamentally flawed."

He said the election "did not meet the minimum standard for democracies."

Mr Tudjman's position is now stronger than ever, with his conservative nationalist HDZ party also entrenched in parliament and local government.

Officials said the turnout on Sunday was 57 per cent, one of the lowest since Croatia held its first democratic vote in 1990 while still part of Yugoslavia.

Celebrating at a banquet as the results came in, Mr Tudjman said: "I promise the continuity of the policy with which we established freedom and independence in Croatia, a stable economy and currency... now we shall dedicate ourselves with all our forces to raising the standards of living for the entire population."

Mr Tudjman presided over a post-communist economic reform programme launched in 1993 which slashed inflation and stabilised the currency, boosting foreign investor interest and domestic growth in Croatia. But most Croatians are struggling to make ends meet after a war which destroyed infrastructure and shut factories.

The strong exchange rate hurts exports, and tourism, a big earner before the war, is only just beginning to pick up again.

Zarko Miljenovic, chief economist at Zagreb-based Banka, said he did not expect Mr Tudjman to be able to do much already using a large part of the budget to compensate war victims. "Whatever was possible has already been done, and more," he said. "Unless there is a radical change in fiscal policy and more money is switched from military spending to social needs, I can't see a big improvement."

Mr Tudjman's popularity seems to have held, despite poverty and doubts about his health after reports from US administration officials that he has stomach cancer. After leading Croatia to independence from former Yugoslavia in 1991 and steering it through the 1991-1995 war against the Serbs, he is praised as a strong leader and idolised by many as "the Father of the Nation."

Mr Tudjman's first priority will be to manage the reintegration of the last Serb enclave in Croatia, Eastern Slavonia, which is currently run by the United Nations.

The region is due to revert to Zagreb's rule in July, which will involve the resettlement of thousands of people, among them Serbs who once revolted over Croatia's departure from Yugoslavia and fear for their future, despite Western pressure on Zagreb to treat them properly. "Tudjman's highest priority now will definitely be the reintegration of Eastern Slavonia," a diplomat said.

significant shorts

Paedophile-film trial opens in Paris

France's first major paedophilia trial opened in Paris yesterday with 71 Frenchmen accused of organising or subscribing to a network selling pornographic films involving boys.

The alleged organisers face up to 10 years in prison for corrupting minors. Their accused clients, the bulk of the defendants, are liable to up to five years as accomplices. The defendants included Jean-Manuel Guillaume, 45, who is accused of shooting the films in Colombia with local boys for a company called Toro Bravo (Wild Bull). He denies the charges. The alleged customers for films such as *Little John I*, *Little John II* or *Carlos* were arrested in a series of swoops last year and released pending trial. Reuters — Paris

China calls on Muslims for help

China's communist rulers have called on Muslim clerics to help ensure stability in the restive north-western region of Xinjiang after seizing 11 tonnes of explosives and uncovering, in an anti-crime crackdown between March and May, 83 hide-outs illegally selling firearms.

Keyun Bawudun, the Communist Party's deputy secretary in Xinjiang, urged about 300 Muslim clerics to make contributions to the stability of the region that has been rocked repeatedly by anti-Chinese unrest, including a string of bombings and riots, since February, the *Xinjiang Daily* said.

Reuters — Peking

France pulls out Congo troops

France began pulling its troops out of the Congo Republic capital after evacuating more than 5,000 foreign nationals caught up in a bloody political and ethnic dispute in its former colony.

Reuters — Brazzaville

Chechens seek hostage release

Chechen leader Aslan Maskhadov, keen to improve his image and assert full control over his breakaway Russian region, launched an operation to clamp down on hostage-taking groups. Interfax news agency said Operation Shield of Law would aim especially at securing the release of five Russian reporters whose abduction has complicated the uneasy ties between Russia and Chechnya. Reuters — Moscow

Indians claim territorial rights

Canada's Supreme Court began hearing a landmark case that will decide whether native Indians' right to their traditional lands was wiped out by colonial rule. The Gitksan and Wet'suwet'en people claim they are the rightful owners of 22,000 square miles of land in remote northwestern British Columbia because they never signed treaties with British settlers. The area in dispute is more than twice the size of the US state of Massachusetts and rich in resources including timber, fish, natural gas and minerals.

Reuters — Vancouver

£43,000 Batman comic book

A highly coveted comic book featuring the first appearance of Batman has sold at auction for \$68,500 (£43,000).

The book, *Detective Comics No. 27*, is considered the finest restorative copy ever offered for public sale, said Matthew Weigman, a spokesman for Sotheby's auction house. It brought the highest price of more than 700 lots offered in Saturday's sale of comic books and comic art, which took in \$1.7m, Mr Weigman said.

New York — AP

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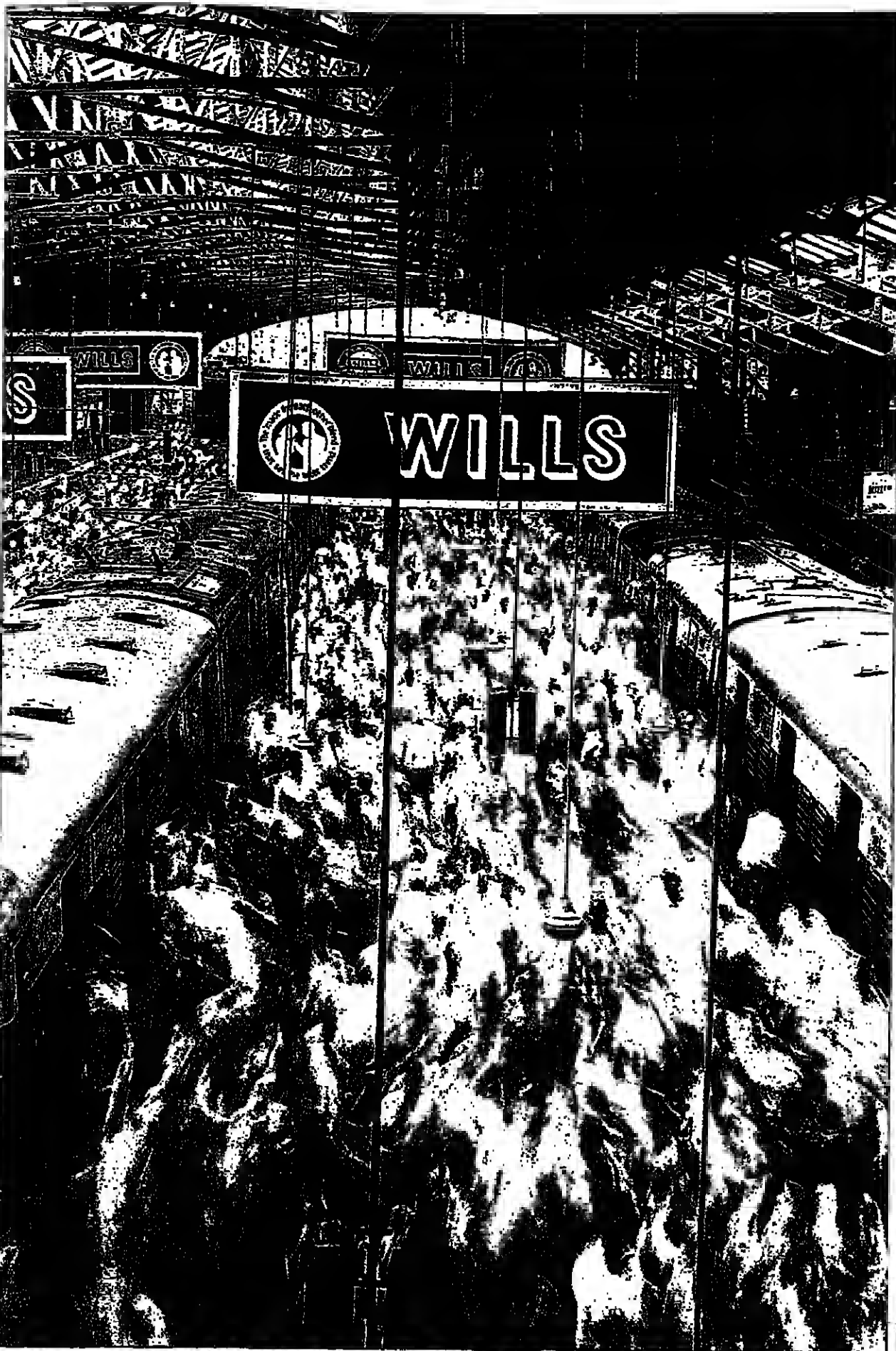
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Spirit of India rises to celebrate freedom



Moving on: Train passengers thronging the platform at Church Gate Station, Bombay, in 1995 Photograph: Sebastiao Salgado



End of the day: A family leaves a mine at Dhanbad, Bihar State, with a canteen cart in 1989 Photograph: Sebastiao Salgado

Images of independence

New Delhi (Reuters) — Just two months before India celebrates the 50th anniversary of her freedom from British colonial rule, the country's government is still considering a vast array of proposals to commemorate half a century of independence, including one to erect a statue of Mahatma Gandhi in Antarctica.

"There is one such proposal that the government is considering," the Human Resource Development Minister, SR Bommai said, in response to questions about why the government had chosen Antarctica when there was not a single prominent statue of the spiritual father of independent India in the capital, New Delhi.

India gained independence on 15 August

Photographs from India: A Celebration of Independence, 1947 to 1997, published by the Aperture Foundation, New York

1947. So far, the planned celebrations include enactments of historical events, and a special session of parliament at midnight on 14 August will simulate independent India's first parliamentary session.

For two days, the government will waive a law banning ordinary citizens from flying the national flag, and will encourage people to hoist the saffron, white and green colours on their homes and cars.

The celebrations will cost the government some 510m rupees (£9m). In addition to

three committees and 10 advisory groups, the federal government has set up an 88-member Secretariat for the Commemoration of the 50th Anniversary of Indian Independence.

One government minister said they had received more than 2,000 suggestions from the public on how to celebrate the anniversary.

These included parades, starting a site on the Internet, releasing an audio tape of speeches by prominent Indian leaders, broadcasting Mahatma Gandhi's favourite hymns on state-run media and requesting every family in the 930 million-strong nation to light a candle at a specified time on 15 August.



Sun rising: Muslim women praying at dawn in Srinagar, Kashmir, in 1948

Photograph: Henri Cartier-Bresson

Sierra Leone defies junta by refusing to go to work

Michael Ashworth
Sierra Leone

The people of Sierra Leone showed their refusal to accept the military junta of Johnny Paul Koromah yesterday by refusing to go to work despite threats and reprisals.

The same determination that inspired the massive turnout in the elections last year, when the population disregarded mortar fire and rifle fire in order to vote, seems to have manifested itself again in the form of widespread civil disobedience.

The secretary general of the labour union in Freetown, Kandeh Yillah, made it plain to the junta that workers were not going to tolerate another military dictatorship, as long as the military government remains in power then they (the labour union) will withhold the service of all Sierra Leonean workers

until the democratic government is allowed to return," he said yesterday.

Another civic movement known as the Kamajors - which means hunter in the local dialect - are putting military pressure on the army/RUF alliance. Originally the Kamajors were the tribal chieftains' personal bodyguard and the first line of defence against the RUF, who slaughtered the those chiefs who refused to assist or join them.

They later organised into much larger groups and were instrumental in forcing the RUF to the negotiating table in November 1996.

Although little more than organised tribal militias, they have proved to be an highly effective force and enjoy a cult-like status and popularity among the people.

They presently control most

of the south and east of the country and are loyal to the overthrown democratic government of Abdul Tejan Kabbah, who is currently in exile in Guinea.

According to Ambassador Dinka, the UN special envoy in Sierra Leone, "not a single part of the society is supporting the RUF/Army alliance".

This is hardly surprising considering the barbaric atrocities committed by the RUF since 1991. High on mixtures of marijuana and gunpowder they have murdered and looted.

Their leader on the ground at present appears to be Major Moina, an individual who was demoted three times for Soddy Sankuh, the official leader of the RUF.

The army is similarly reviled due to its suspected complicity in the past with the rebels in looting and murder sprees, a

suspicion that was widely held and then confirmed by the alliance formed between the two in the recent coup.

The RUF was useful to the army in other ways - such as providing them with the raison d'être and providing the a scapegoat for their own criminal activities.

With the threat of military intervention by the Nigerians whose warships straddle the harbour and whose troops continue to reinforce their base at Lungi opposite the Freetown peninsula and internal dissection and revolt in-country.

Koromah's position is looking more and more untenable there is also a very real possibility that the junta is about to implode with rumours around Freetown of a growing split between Koromah and his supporters and the hard line RUF commanders.



هنا من الأصل

Peace process: Israeli and Palestinian relations strained by riots as death threats and crime rock Gaza

Rubber bullets fail to quell rioters in West Bank

Patrick Cockburn
Hebron

In the X-ray it is a perfect white circle, lodged just above the teeth. In fact, it is a rubber-coated steel bullet. It hit 13-year-old Jamal Abdul Nasser just below the nose as riots between Palestinian boys and Israeli soldiers spread through the centre of Hebron for the third day. A few minutes later he was rushed on a stretcher to Alia hospital, a piece of blood-stained bandage covering the centre of his face.

Riots are starting to erupt in Gaza and the West Bank as Palestinians watch the attempt at mediation by Egypt fizzle out. Israel accuses the Palestinian Authority of fomenting the clashes or at least not sending its police to disperse the rioters.

Yesterday Israeli soldiers shot and wounded at least 38 Palestinians in clashes in the West Bank and Gaza. On Saturday and Sunday they shot and wounded about 45 Arabs during clashes that erupted over a recent United States House of Representatives vote calling on President Bill Clinton to recognise Arab East Jerusalem as part of Israel's capital.

The focus of the riot yesterday in Hebron was the Bah al-

Zawiya, a street which marks the start of the Israeli enclave in the city, where some 1,000 Israeli troops defend 400 fanatical right-wing settlers who live in the middle of 120,000 Palestinians.

"People are not happy," said Fawzi al-Natcho, a middle-aged man, as he watched the first stones hurled down the street. "They don't like the settlers. I am unemployed. I used to work in a tourist shop in Jerusalem, but now the Israelis won't let me into the city."

The riots in Hebron have gone on long enough to have their own rituals. Except at the centre of the rioting shops often remain open. Small boys throw stones by hand and with catapults and slings. The Israeli soldiers reply with rubber bullets which are more lethal than they sound because the rubber conceals a steel core. In the hills between clashes Palestinians, 20,000 of whom live in the Israeli enclave, cross rapidly between the two sides.

It is all more dangerous than it looks. A rubber bullet in the eye will often kill. As doctors prepared to operate on Jamal Abdul Nasser yesterday, another casualty was carried in with a bullet in the shoulder. Dr Mohammed, who said he did not want to give his full name,



Palestinians carrying Jamal Abdul Nasser, wounded by an Israeli soldier's rubber bullet, away from the riot in Hebron yesterday

Photograph: AP

said: "We treated 30 people yesterday, five of whom were badly hurt."

Unlike the last riots, in April, there was no sign of the Palestinian police, of whom there are some 1,500 in the city. Danny Rubinstein, a commentator on Palestinian affairs, writes in the daily *Ha'aretz* that "the Palestinian Authority doesn't have to make any special effort to organise unrest and demonstra-

tions: it needs only slightly to release its restraints, and thousands take to the streets." As Israel continues to build its settlement at Har Homa, called Jabal Abu Ghneim by Palestinians, and there is no US intervention, Yasser Arafat, the Palestinian leader, may feel that he has no choice but to move towards a renewed confrontation with Israel.

In another sign of the grow-

ing friction between Mr Arafat's Palestinian Authority and the Israeli government, a fourth Palestinian accused of selling land to Israelis has been killed. Hakem Kambawi, 57, of Nablus, was arrested a month ago for selling land to the Israeli settlement of Kadumim in 1988. Transferred to prison in Jericho, he is variously reported to have died from torture, a heart attack or suicide.

The killings have been strongly criticised in the US, as well as in Israel. In spite of this, Palestinian legislators yesterday looked set to pass a law calling for the imposition of "maximum penalties" on Arabs who sell land to Jews.

The draft law discussed on Monday does not mention the death penalty, saying only that "any Palestinian who violates the law will have committed

high treason and shall be punished with the maximum penalty".

An Israeli soldier, the 11th this year, has been killed and three others wounded by a bomb planted by Hizbollah guerrillas in the Israeli-occupied zone in south Lebanon. The bomb detonated as the soldiers walked beside a tank. Hizbollah has recently stepped up its attacks on Israeli forces.

Israeli ministers quizzed on links to Russian mafia

Patrick Cockburn

Israeli cabinet ministers and political leaders are to be questioned by police about their links to Gregory Lerner, arrested this month in Israel's first crackdown on the Russian mafia. Mr Lerner, detained as he tried to leave Israel, is alleged to have defrauded Russian banks of \$85m (£52m) and to have been involved in two murders.

Natan Sharansky, once the most famous Jewish dissident in the Soviet Union and now Israel's Trade and Industry Minister, admits receiving \$100,000 from Mr Lerner, who changed his name in Israel to Zvi Ben-Ari. He says he gave it to an organisation which helps Russian Jews emigrate to Israel. Mr Lerner had meetings with other ministers and political leaders, but it is not known how many received financial aid.

The arrest of Mr Lerner is the first time the police have arrested a Russian Jewish emigrant suspected of leading a crime syndicate. Israel is used by Russian mafia for laundering money and holding meetings, which is easy to do without attracting attention because at least 800,000 Israelis are Russian-born. Israeli currency laws are lax, to allow immigrants to bring money into the country safely.

The Israeli police said earlier this year that they knew of 31 Russian mafia leaders in Israel, of whom only one is really Jewish; the rest forged documents or arranged marriages to become Israeli citizens. Mr Lerner came to Israel in 1990. At this time, the Russian mafia held many of its meetings in Cyprus, but in 1993 switched to Tel Aviv to avoid the attention of foreign police forces.

The Lerner affair is exacerbating a row between Mr Sharansky and his former close friend, Benjamin Netanyahu, the Prime Minister. Accusing Mr Netanyahu of failing to keep his promise to allow Mr Sharansky's party, Yisrael Ba'Aliya, to choose the Israeli ambassador to Russia, Mr Sharansky last week refused to attend the weekly cabinet meeting. Aides to Mr Netanyahu said Mr Sharansky was simply hoping to divert attention from his party's links to Mr Lerner.

The Russian mafia, also known as the *Organizatsiya*, grew up in the Soviet Union in the 1970s and 1980s. Many gangsters moved to New York in the first wave of Jewish immigration, though only one-third were really Jewish, police say.

They mafia had about 300 members, prepared to use extreme violence to gain control of the drugs trade and other rackets.

Singer drops concert after death threats

Jerusalem (AP) — In response to death threats, the Irish pop singer Sinéad O'Connor yesterday cancelled a concert in Jerusalem that was to have promoted the city as a capital for Israelis and Palestinians.

A Jewish extremist said he and his supporters prompted O'Connor to drop out, though he stopped short of saying that he had made the threats. "Due to us she is not arriving," said Itamar Ben-Gvir, an activist in the ideological Front, an offshoot of the outlawed anti-Arab Kach movement. "We are calling the pressure we put on her... a success," he told Israel Radio.

The politically outspoken O'Connor had cancelled part of her American tour to perform in Jerusalem. Her concert on Saturday evening was to have been the highlight of a series of



Sinéad O'Connor: Cancelled

musicians and my technicians, so I have decided to cancel."

The death threats were received by the Irish and British embassies in Tel Aviv. Police said they were not investigating because they had not received official complaints. However, the Irish Embassy said a complaint was made to police.

The mayor of Jerusalem, Ehud Olmert, who is opposed to sharing control of the city with the Palestinians, told Israel Radio he was delighted that O'Connor had cancelled, but he claimed the singer dropped out due to low ticket sales, a charge denied by concert organisers.

The emotional attachment of Israelis and Palestinians to Jerusalem makes the city the toughest item on the agenda for the still-unstarted talks on a permanent peace agreement.

Greedy criminals muscle in on lucrative world of sport

MOSCOW DAYS

Russia's Interior Minister, Anatoly Kulikov, is not an especially endearing character. His penchant for uniforms, his love of decorating his squat frame with medals, and his belligerent approach to the Chechen war smack of reactionary Soviet politics. In the clichéd language of Kremlin reporting, his name is often coupled with the "H" word: "hardliner".

But he is right about one thing. A few days ago, he warned that crooks from Mafia-style groups have not only infiltrated the machinery of state, from the judiciary to the police, but also Russia's most lucrative industries, such as gold, diamonds, alcohol, tobacco. Now, alas, another category must be added to that list: sport.

Murders by bomb and bullet have become too frequent to merit much space in the media, but the killing of Larisa Nechayeva is an exception. Even by the standards of this crime-worn society, her death is shocking. Yesterday NTV, the best television news service, placed it at the top of their bulletins.

Ms Nechayeva was the number two at Spartak Moscow, Russia's leading football club. That fact alone made her highly unusual as businesses rarely employ women in senior positions. Among her duties was that of running the club's fi-



Larisa Nechayeva: Killed in Mafia-style shooting

nances and recruiting sponsors. A youthful-looking blonde, she attracted the attention of Spartak, whose crowd numbers have fallen off sharply since Soviet times, by promising to turn it into a "super-club" supported by wealthy sponsors.

Last Sunday — if initial reports are accurate — Ms Nechayeva was driving through Taratovo, a village about 75 miles east of Moscow, where Spartak owns some villas. At around noon, someone opened up on her car, shooting her in the head. She was killed, along with another woman. The evidence

points to a contract assassination, a Mafia-style hit. The interest in Ms Nechayeva's death would certainly have been less, were it not for another assassination earlier this year which made it obvious that the talons of organised crime are now wrapped around Russian sport. The days when sport was a symbol of Soviet success, pursued for love of the motherland, are clearly gone.

In April, Valentin Sych died in a hail of automatic rifle bullets, fired into his car by a gunman in a passing vehicle. As head of the Russian Hockey Federation, he was a nationally known figure. Shortly before he died, Mr Sych, 60, gave an interview to Reuters news agency in which he complained about the growing role of crime in sport and warned that players and officials were coming under increasing pressure from greedy mobsters.

been raking in huge sums from their counterparts in the United States' National Hockey League for the rights to top Russian players. When Mr Sych was killed, rumours circulated that he was not an innocent party, having had access to some of this booty which he refused to share with his killers.

Such claims easily take root here, not least because ice hockey has a murky reputation. But the problem has deeper roots which run into the Kremlin itself. In the chaos that followed the end of the Soviet Union, the Russian government lacked the money to carry on supporting sport from the budget. The Yeltsin administration decided that one way funds could be generated was by granting certain sporting organisations the right to import alcohol and cigarettes free of tax. The result was not only massive, uncontrolled, profits; it also ensured that sport was quickly criminalised. The ice hockey federation is rumoured to have made an annual \$13m (£8.1m) on booze alone.

The practice has since been curtailed, but the biggest player of all was the National Sports Foundation, which provided bundles of cash for this President's re-election campaign.

Phil Reeves

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Sacred cows should expect no mercy

The season's game is kite-flying. There they go, in their shocking colours – a dividend tax, charges for home visits by GPs, mass redundancy among teachers, the sale of London Underground. Some are substantial, others rickety paper-and-string affairs that have been aloft before. Departmental ministers have every interest in upping the ante even in a year when there is supposed to be no spending round. Chancellors have every interest in throwing dust in the eyes of teenage scribblers in the City. Ministers without portfolio have an interest in making Tony Blair appear a Prime Minister unafraid to "blink the unthinkable" without the horses getting frightened by the consequent thoughts, especially about the dear old National Health Service.

With a budget only a fortnight away, such gamesmanship is only to be expected. It is even welcome in reminding us that modern British government is necessarily plural; what is the point of cabinet government unless cabinet ministers permit themselves at least occasionally to think impure thoughts on behalf of their clients. But the game-players need to understand one thing – something that will remain true even if the National Audit Office does what is expected of it and delivers a report this week showing great gaps in Kenneth Clarke's projections of spending and revenue. This is that Labour

won on the back of specific promises on personal income tax and aggregate spending. During the campaign we quoted on our front page that *bon mot* of Jean-Jacques Rousseau to the effect that the British were free only once every few years when they voted, otherwise they were in thrall to a powerful authority. Nowadays it won't do. The efficacy of government depends on continuing trust. An election is a kind of compact. Labour's effectiveness in office depends critically on the maintenance of confidence, which would be shattered if that cardinal promise about taxing and spending were broken.

Gordon Brown can still let his fiscal imagination soar. Selling all or part of London Underground should be only the beginning of a rigorous review of state assets which consistently asks: is this public purpose best fulfilled by public ownership or by some mixed scheme of contracting and privatisation. (The only relevant questions for the Tube are: how to secure effective management and better service without excessive fare rises. The practical answer looks like some kind of sale of the network allowing the private sector to unlock its property value.)

Keeping the average citizen's income-tax payments constant does not preclude changing rates or allowances. Labour's challenge is not finding the bits and pieces but budgeting strategically – ensuring that

the signals sent by changes in the tax regime speak of its values and priorities. Abolishing the tax credit on dividends has to be judged on whether it discourages personal pension provision; would it make companies more likely to invest retained profit? New taxes can have unintended consequences. Look at the way the system is encrusted, despite Nigel Lawson's efforts, with distortions. Mortgage tax relief is a relic which could be abolished without infringing Labour's promise on income tax – it is a form of bribery for a certain category of property purchaser which distorts the market and

contributes to an inflation proneness. If, as reports suggest, the Government has got chilly feet, more is the pity; the rumoured increase in stamp duty would only partially compensate.

Labour's tax promise was for the duration of the Parliament. Its spending promise was only for two years. Pressure to spend grows the nearer an election gets. So unless Gordon Brown gets his retaliation in first, he is never likely to have the chance again. If ever he is going to be an iron man on the spending front, now is the hour.

But controlling spending ought not to be some mindless exercise in nay-

saying. The Comprehensive Spending Reviews announced last week ought to be rich and creative. It is hard to believe that the Thatcher-Major years have squeezed every excess penny out of the public purse. One of Mr Brown's problems is whether, the Treasury having lost staff, he will be imaginatively advised about the sacred cows and the bleeding stumps; the indications are that the team assembled at No 10 will be useful allies. But spending reviews are only as good as the political imperatives that drive them. It is not enough, for example, to ask hard questions about Britain's excessive defence budget; the time has come for cancellations of orders and further retrenchment on service numbers and sites.

Tony Blair has made his political fortune by cracking shibboleths. Official spending plans are still littered with what are effectively excuses for public employment rather than lean machines for delivering services. There are virtually no problems in the 1998-99 round that would not be solved overnight by freezing public service pay. On spending, most evidence is tainted by special pleading. Health may be an exception. It was evident before the election that by the autumn deficits would be biting back in the form of reduced hospital admissions. Frank Dobson got into trouble last week for promising to think hard about charges, even more challenging would he to

think harder about spending. In schools, too, the voices of teachers and heads and governors need to be heard, but not necessarily answered in every word. Mr Brown may during the summer come to be convinced by the case for extra spending on education and health. But the Government remains obliged to revise departmental totals for education and health only by adjusting spending elsewhere – downwards.

Barnsley's outlook? Just champion

The latest odds against Barnsley winning the Premiership, to which it has just been promoted, were given yesterday at 1,000 to one. The bookies' assessment is objective, and won't change much even if the South Yorkshire club succeed in signing the Macedonian striker George Hristov. Those odds say the gap between top clubs and also-rans is now unbridgeable and, given their spending power and access to world markets, that is probably right. We live in an increasingly deterministic world where miracles don't happen. And yet the dream of giant-killing lives on. Look at Wimbledon's run last season. Is it really impossible that Barnsley could prove the form-makers wrong and end the season somewhere near the top?

LETTERS TO THE EDITOR

Tory MPs unite behind the ostrich

Sir: I cannot believe what is happening. In 1979 Labour's response to the Tory win was that they clearly weren't left-wing enough, so they elected Michael Foot as their new leader. By 1983 Labour still cannot have been left-wing enough because they lost again. After splits and another thumping in 1987 Labour's attitude started to shift. Meanwhile, the Tories recruited more exponents of the new right-wing orthodoxies as MPs at the expense of their left wing.

In 1992, despite Labour's shift to the right, the Tories scraped another chance. They used this to conduct an orgy of infighting between left and right, between Europhile and Europhobe, so that the parliamentary party became unmanageable. Conversely, the Labour Party united behind a position even further to the right.

Now, after one of the most crushing election defeats ever, the message from the Tories is that they clearly aren't right-wing enough. They must make a principled stand now against the onward march of European federalism, rather than make a considered judgement at the appropriate time. They must unite behind the ostrich style of leadership and elect their own Michael Foot. Are we really to be condemned to 18 years of increasingly leftward and interventionist Labour government because Tory MPs have too many principles to learn from recent history?

PETER ZIVANOVIC
Eastleigh, Hampshire

Sir: In denying rumours about his sexuality, William Hague is reported to have said that if he were gay he would not have put himself forward as a candidate for the leadership of the Tory party (report, 14 June). Are we to conclude that he considers gay people are inherently unfit to hold such a post?

PAUL BRETT
Chesler

'Insensitive' boys could be right

Sir: If girls "recognise social norms without prompting" but boys are "socially insensitive" ("Why boys will be boys", 12 June), then what happens if the norms of a society change to aggressive forms of behaviour?

Although most crimes of violence are currently carried out by men, crimes of violence by women are increasing at a much faster rate. Between 1985 and 1995, female convictions for violence increased by about 100 per cent, whereas male convictions increased by only 20 per cent. Other traditionally male vices, such as smoking and alcoholism, have a similar pattern.

In the past, socialisation of girls stressed behaviour, such as gentleness, compatibility with domesticity and raising children. Now the emphasis is very much on the sort of cold-blooded ruthlessness needed to climb to the top of the greasy pole in the world of work. Social norms for girls have thus changed: girls' behaviour is rapidly changing to suit these new norms. In a society



where the social norms are pretty dreadful, the "socially insensitive" might well be the nicest people.
CLIVE MATHER
Sheffield

Sir: Your report says a gene has been found which makes women "more... able to recognise social norms" and includes a quote on how this makes me more likely to be warlike. Let us also acknowledge the more positive aspect of less "socially normal" males, which must include a greater capacity for innovation.

Most great innovations disturb society and it can make life difficult for the inventor (look at Darwin). If you are less able to recognise social norms, you are less likely to follow them. The fact that most innovations have come from meo was not just a result of women having less time.

KEITH HENSON
London NW3

Sir: I learnt from your front-page report that girls are hardwired to be responsive to others, whereas boys have to be programmed if they are to have the same ability. Is, however, the converse true? It seems likely that a New Man could ignore his programming if circumstances so demanded, but could a woman ever do likewise? Are my attempts to teach my daughters to look at things objectively, rather than through a lens of often inappropriate "intuition", doomed to failure? Or are things a lot more complicated than the research on this single gene indicates?

RICHARD BARTLE
Colchester, Essex

Leave Ascension to the birds

Sir: Andrew Marshall, in his article about Ascension Island (31 May), suggested that the fragile economy of the island could be propped up by developing tourism. I write to question the assumption that Ascension needs a new function defined primarily in terms of human economies.

In spite of the devastation caused by the introduction of predators, Ascension is still an island of global significance for the breeding of seabirds, since it is the only speck of land available to them in an enormous tract of tropical ocean.

Introduced feral cats, rats, mice and other invasive animals and plants have caused devastation of the original seabird community and the native vegetation, as on other islands worldwide. Vastly reduced populations of seabirds maintain colonies on the offshore islands of Ascension which remain predator-free.

Two years ago I was a consultant for a feasibility study, funded by the Government, which indicated that the major predators of seabirds could be eliminated, using techniques perfected on some of the most threatened islands in the Indian Ocean and New Zealand. This would eventually permit recovery of the seabird populations of Ascension and eventually transform it into a reserve of international standing which could only bring credit on Britain.

Apart from the seabirds, Ascension is also home to a large array of endemic invertebrates, many of which have only been discovered in the course of recent research by my wife and myself.

Ascension is important as the nearest airport to St Helena, 800 miles away, and presumably the Americans also still require the use of their base, but other users are reducing their operations. Why not simply scale the establishment of Ascension down to essentials? The state of the island in the 1950s, when I lived there for more than a year, was in many respects preferable to that seen today.

There is no indigenous human population on Ascension and the St Helenians who work there are on contract; their home is St Helena. The "Saints" need jobs, since opportunities on their home island are severely limited. However there is a solution to this problem. A Royal Charter of 1673 stated: "Natives of St Helena to be free denizens of England." These rights have gradually been abrogated, but if they were restored, as justice demands, those who needed work outside St Helena would have the option to come to Britain, as they did in the past. Possibly a couple of thousand would do so; certainly not many more, since the total population is less than 6,000.

So, why not remove the predators from Ascension, and leave the island largely to the birds and turtles?

Dr PHILIP ASHMOLE
Peebles

Luxury city – for some

Sir: Your photograph of Battersea ("Arise Lord Rogers", 13 June) says it all – a narrow band of luxury dwellings shutting off the Thames from the residents of the wide swath of old council high-rise estates behind, where a recent survey in my parish revealed that 61 per cent earned less than £150 a week.

When I came to this parish 25 years ago the riverside was occupied by large factories that provided employment; the river was bustling with life, barges and cranes; local youths were free to sit on the river bank and fish. Now the river is dead, with not even a riverbus, while Battersea roads choke with traffic; the occupants of the luxury flats escape to second homes in the country at weekends; rising house prices drive those who service Loo-doo's hospitals, shops and schools further and further out to Thornton Heath and beyond; antiquated planning laws give us no voice and no chance of appeal.

Is this riding a wave of the future? May God forgive us all. Who trains these architects, planners and law-makers and gives them such blinkered vision that they can think only of each new site in isolation and ignore all immediate surroundings? Week after week local residents meet in my vicarage and express what they need – places of employment, meeting, recreation and

refreshment – and no one in power will listen.

Yes, no doubt we do need "densely populated, compact cities" where people have all "life, work and leisure within walking distance", but this will not be achieved by building super-luxury housing on all the prime sites, for those who will continue to demand their weekend retreat in the ever more overburdened countryside. Who are you kidding, Lord Rogers?

The Rev M A WIMSHURST
London SW11

RAF's 'lovely' bombing raids

Sir: On the subject of RAF bombers on postage stamps (Letters, 11, 14 June), I find the following entry from my diary dated 26 May 1943, shortly after a return to England after a couple of years overseas.

Yesterday a civilian said to me, "Gosh, wasn't it a lovely raid we had last night!" I replied: "Oh, I didn't hear anything."

"Oh, I meant the Duisburg raid." "Oh", I said, "I thought you meant London."

"Heavens no," came the answer. "I would have said a terrible raid if it had been London."

This nice distinction between the lovely and the terrible amused me. I wish people who now castigate the actions of Bomber Command would allow of some reference to the context in which the air war took place.

E A JOHNSTON
Seaford, East Sussex

Wherefore art thou so sad?

Sir: What a sad old fuddy-duddy Walter Roberts is. ("Grammarians weep! The bell tolls for 'whom'", 14 June). Language is constantly changing, and the role of the grammarian is to describe language as it is used, not to prescribe.

The only time to complain is when the loss of words leads to a loss of precision, and this has been going on since well before Mr Roberts was born. For example, we have lost the distinction between "why" and "wherefore". "Wherefore art thou Romeo?" means something different to "Why art thou Romeo?". "Wherefore" implies that the fate of the star-crossed lovers was pre-ordained for some unknown purpose, but the use of that word, essential to our understanding of the story, declined long ago.

The writer is also wrong when he claims that "toe rag" derives from "toe rag". The Concise Oxford Dictionary states that it derives from the practice of tramps wrapping their feet in rags in place of socks – a toe rag is a tramp. First take the beam out of thine own eye, Mr Roberts.

DAVID FORSTER
Knowsley, Merseyside

Sir: A "toe-rag" was the lowest grade of dock labourer in London. It was their job to level the grain in grain-bins. To protect their feet they wrapped rags round their boots.

It is sad that the denizens of Canary Wharf should be so unaware of the dialect spoken by the dock labourers and their descendants. Your building stands, metaphorically, on their shoulders.
DAVID McLOUGHLIN
London W4

When Ceuta voted for Spain

Sir: As a native of Ceuta, I would like to answer Mr J Evans (Letter, 12 June) reference to the "conquest" of Ceuta and its "devolution" to Morocco.

Morocco was constituted as an independent country in 1956. Ceuta has been Spanish since 1668. In 1581 King Philip II inherited the Portuguese and the Spanish throne. Through the Treaty of Lisbon in 1640, Portugal became independent, together with all its territories. However, there was a city that wished to remain faithful to the Castilian throne. One of the first referendums in modern history was carried out and the result was that the people of Ceuta wanted to be Spanish. Ceuta has never been "conquered" by the Spaniards and it has ever belonged to Morocco. It is impossible to compare the situation of Gibraltar and Ceuta.

OLGA BEL
Ceuta, Spain

Eaten by bears

Sir: A third explanation of the possible fate of Sir John Franklin ("Was Britain's greatest Arctic explorer a victim of cannibals?", 12 June) deserves consideration, as suggested by Sir Edwin Landseer in his painting *Man Proposes, God Disposes* (1863-64). Polar bears. Although this idea upset Lady Franklin at the time, perhaps now it would be the most tactful compromise.

ANN CLEMENTS
Surrey

She is described as a "manipulative, scheming, rude and impossible little madam", but is Naomi Campbell's soap-like life merely fitting into the pattern the public expects of celebrities?
By Paul Valley in London and Elizabeth Nash in Madrid



Naomi's mother Valerie with the Duke of Northumberland



Naomi Campbell with Joaquin Cortes, who says: 'I am huge'

When a fiery star falls to earth

What's bothering me," said Richard Crompton's scruffy schoolboy hero, William, "is that I'm 11 and I haven't had a statue put up to me yet". We all have our fantasies of fame. For most of us, life is a process of gradually shedding them. But for a select few the dreams become a reality and the rest of us are not sure if, deep down, we wholeheartedly approve.

Take the case of the supermodel Naomi Campbell, who was back on the catwalk in Paris yesterday after a weekend drama which saw her taken to hospital in the Canary Islands only hours after a blazing row in a five-star hotel with her boyfriend, the gypsy flamenco dancer Joaquin Cortes.

It was only the latest episode in a long saga of tempest and torment. Since she was discovered 11 years ago, she has dated a string of trophy men, including Eddie Murphy, Robert de Niro, Sylvester Stallone, Eric Clapton and Mike Tyson. She broke off her engagement to U2 bass player Adam Clayton amid newspaper reports of shenanigans with girls from an "escort" agency. An unauthorised biography reported suicide attempts after lovers' tiffs, a

taped telephone dirty talk with Sylvester Stallone, and a feud with a rival black model, Tyra Banks.

Gossip in the fashion trade is of her legendary lateness, gross arrogance and wild insecurity. In 1993 she was fired by a top modelling agency after its boss described her as "a manipulative, scheming, rude and impossible little madam who has treated us and our clients like dirt". Then there were the moments when drama turned to farce - when she fell off her 10-inch Vivienne Westwood platform shoes at a Paris show or was sacked as an ambassador for an animal rights group after posing at a Milan fashion show swathed in fur. More serious were her complaints of racism objecting to media epithets like "the Black Barbie" and claiming that blonde, blue-eyed models got more work.

It is the stuff of soap. So far as the tabloids were concerned the point of Naomi Campbell was that she was black, bad and dangerous to know. The girl from Streatham - they never fail to point out her south London origins - now earns more than £1m a year. Born of an unnamed father to an unmarried 19-year-old dancer, brought up by her grandparents and then sent to stage school on money sent home from her

mother's continental tours with a dance troupe called Exotica - she has gone from nowhere to enter the gilded circle of the rich and the famous. She has even managed to drag her mother Valerie along, too - Campbell senior eventually struck up a relationship with the late Duke of Northumberland.

The rich are different from us, the writer F Scott Fitzgerald famously said. Yes, they have more money, was Ernest Hemingway's rejoinder. But there is more to it than that. Fame is one of the commodities that economists refer to as "positional goods". By definition fame is something only a few people can have and it creates a freemasonry among those accorded it. It conveys an odd kind of equality on people who can otherwise never be confident of their lovers' motives.

But the rest of us don't need our celebrities to be real people, says Andrew Evans, a clinical psychologist who specialises in working with artists, musicians and dancers. "They're a projection of a public need. They only have to correspond marginally to the media stereotype - Oasis as the bad boys on the rock scene, Prince Charles as ineffectual, the Duke of Edinburgh making constant social gaffes. People notice what conforms to the stereotype - and ignore what doesn't fit."

But a person who becomes a celebrity has to cope with the gap between the public image and their private reality. "If the two aren't too far apart it's usually not a problem. But where there's a dissonance the problems may begin."

Celebrities, in shrink-jargon, have "a lot of split in their fantasy ego structure". Andrew Evans elaborates: "We all have in ourselves the fantasy that we are wonderful and we all have the reverse - that we are useless; both parts are usually far away from reality. But if the wonderful fantasy becomes reality, that leaves your fantasy nowhere to go but out."

One result can be what the rock star



Naomi's famous tumble from a Paris catwalk, later satirised in an Olympus camera ad

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Killer cheese: the trial continues

Yesterday I brought you an extract from the sensational High Court case in which Josie Metcalfe, a health food journalist, is being sued by the British food industry for damages in excess of £13m. The British food industry claims that by urging her readers to become slim and healthy by eating far less, she is sabotaging the entire industry. More live action from the trial now!

Counsel: Miss Metcalfe...
Metcalfe: Mrs Metcalfe.
Counsel: I beg your pardon?
Metcalfe: My name is Mrs Metcalfe.
Counsel: Are you married?
Metcalfe: No.
Counsel: Then how can you be Mrs Metcalfe?
Metcalfe: My name, Metcalfe, is an assumed name. If one can have an assumed name, one can also have an assumed marital status. I have assumed the marital status of Mrs.

Counsel: I see. Well, Mrs Metcalfe, do you remember writing in your weekly column the words: "We must all eat less dairy and milk products."

Metcalfe: Yes. I write those words almost every week of my life in some magazine.

Counsel: Do you ever regret writing them?
Metcalfe: Yes. I now realise they are all wrong.

Counsel: Ha! Wrong, eh?
Metcalfe: Yes. I now realise I should be writing: "We must all eat fewer dairy and milk products."

Judge: She's got you there, old boy! A palpable hit!

Counsel: Yes, my lord. Come come. Mrs Metcalfe, is that your only cause for regret? Have you never thought of the dairy and milk farmers? Metcalfe: Which dairy and milk farmers?

Counsel: The dairy and milk farmers who are going to be put out of work by your thoughtless words! The dairy and milk farmers who rise before dawn to care for their cows and go to bed after an evening struggling with the VAT, so that the citizens of this fair country can be kept supplied with their milk, cheese and low-fat spreads! The dairy and cheese farmers who, after your appalling thoughtless words had driven people to give up dairy products, might be cast out of a job, obliged to sell their ancestral lands and forced to wander the streets in search of sustenance!

Metcalfe: No.
Counsel: No, what?
Metcalfe: No, I have never thought of them. Not in that light, anyway. I have always thought of dairy farmers as merchants of death, bringing lethal doses of cholesterol and saturated fats to their unwitting clientele. Milk and cheese are killers!

Counsel: Isn't that a touch melodramatic?
Metcalfe: You wouldn't say that if you had had a marriage partner struck down in the prime of life by clogged arteries.

Counsel: I am so sorry. Has that happened to you?
Metcalfe: No. But it would have been tragic if it had happened. Dairy farmers are no better than arms manufacturers. They are both making potentially lethal weapons.

Counsel: Surely there is a difference?
Metcalfe: Name one.

Counsel: Well, you can make a wonderful pudding out of double cream and strawberries, but you can't do it with a Kalashnikov semi-automatic rifle...

Metcalfe: Yes, you can.

Counsel: How?
Metcalfe: Well, you could waltz into the kitchens of the Savoy waving a loaded Kalashnikov and shout: "Make me a wonderful pudding out of double cream and strawberries, because if you don't the head chef gets his innards smeared across the floor like a tomato coulis!" That should work.

Counsel: What if the staff hate the head chef and refuse to obey? What if they can't wait to stand by while he is reduced to offal?

Judge: Hold on! Hold on! I can't make head or tail of this! A telephone rings in court. Who the devil has got a mobile phone in court? Oh, hold on, it's mine. *Answers mobile phone.* Hello? Yes? Yes? Oh, yes. Ah! That's very reasonable! OK, I'll put £300 on at 40-1. Thanks. *He puts down the telephone.* Sorry about that, gents - just placing a last-minute bet on the Tory leadership contest. Bit of a flutter on Thatcher coming in as a wild card for the second round. Now, where were we?

Man in public gallery: I must warn you that I am a lawyer representing McDonald's, and if you so much as mention our name, you won't know what hit you!

More of this enlightening farrow soon.

Miles Kington

driven people to give up dairy products, might be cast out of a job, obliged to sell their ancestral lands and forced to wander the streets in search of sustenance!

Metcalfe: No.
Counsel: No, what?
Metcalfe: No, I have never thought of them. Not in that light, anyway. I have always thought of dairy farmers as merchants of death, bringing lethal doses of cholesterol and saturated fats to their

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Labour's new pragmatism is on the right track

In 1965 Dick Crossman carelessly left, on the floor of Prunier's Restaurant, some cabinet papers which were then found by an observant diner and shown to Chapman Pitcher of the *Daily Express* before being returned to the department. There was a huge fuss, with front-page stories in the press. Harold Wilson's mark George Wigg gave Crossman a severe dressing down. (Though Wilson himself breezily laughed the whole thing off.)

John Prescott's papers, details of which were on BBC's *Panorama* last night and which have also caused a big fuss, were left in the rather more humdrum surroundings of a broadcasting studio in his own department. But then they were rather more interesting than Crossman's, revealing as they did that privatisation – or partial privatisation – is one of a wide range of options being considered for London Underground. The soothsayers lick their lips. One old Labour figure, Prescott, hits turbulence only days after another, Frank Dobson, irritates some of his colleagues by failing to shut down a running story that a no-holds-barred review of NHS spending will consider everything from hotel charges in hospitals to ending some prescription charge exemptions.

Both events disrupt the smooth and inexorable progress of the new administration. Can the revenge of the Blairites be far behind? In fact, those two episodes were sharply different from each other. One, that of the health review, hints strongly at events that won't happen, the other, that of the Underground, points at ones that may well happen. But they both accidentally reveal quite a lot about the character and the direction of the new government.

Take the Dobson affair first. Dobson travels to Wales to address a conference of health managers on the very day Alastair Darling, Chief Secretary to the Treasury, formally announces the establishment of fundamental departmental spending reviews. Having warned the managers that they face a difficult winter, and pressed by reporters to say what the review will mean for the NHS, he refuses to rule anything in or out. And by the morning a story floating the possibility that patients would be charged for GP visits is up and running.

The Prime Minister did not wake up to hear the BBC morning news leading with reports that patients were to pay for GP visits and think "vippie". Nor did the Blair spin doctors roll over and kick their legs in the air with glee at the fact that Dobson, by conscientiously emphasising that the whole point of fundamental spending reviews was to examine everything, had allowed the story to run. Particularly when Dobson's interview on the *Today* programme failed to kill the story off. That was left to a later statement by Dobson that the NHS would continue to be free at the point of delivery, an interview by Peter Mandelson on Sky television, and a statement reaffirming the manifesto commitment to health by Blair himself. And yes, the unworthy thought that Dobson was doing a little freelance work by floating the worst possible outcome in order to pre-empt it flickered momentarily, and wrongly, across one or two of the more conspiratorial minds in Downing Street and in the Cabinet. But the idea that intriguing Blair henchmen put the black spot on Dobson through selected briefing doesn't stand up.

For one thing Dobson had been in a difficult dilemma. If he started down the slippery slope of ruling X out he would soon be asked



Donald Macintyre
Faced with spending constraints, there are few ministers who would not prefer it if the private sector carried the strain of Tube investment

about Y and A and B and C. Ironically, he, of all people, would almost certainly resign rather than tear up the manifesto commitments on the NHS. But he had got the distinctly New Labour, anti-tax-and-spend message, that these fundamental reviews are the business. Indeed he had read with some dismay a story in the *Daily Mail* a few days earlier holding out the possibility of drastic changes to prescription charges. It was widely assumed within the NHS that such reports had emanated from the Treasury. Certainly the Treasury had been far from unhappy at the statement that there were no sacred cows in the NHS review: if that were the case, after all, other spending ministers had better watch out. Think what might happen, so the reasoning went, in less protected departments in the NHS. Dobson thought he was loyally following a prescribed Treasury line designed to emphasise the seriousness of the spending reviews. It was therefore a little puzzling for him to find that Treasury ministers were not, in private, prominent among his defenders once the story broke last Friday. Rugs appeared to have been pulled from under his feet.

The Prescott episode is altogether different. There was every sign yesterday that Downing Street was even more relaxed about the disclosure of the papers on London Underground than Wilson had been in the case of Dick Crossman all those years ago. There was strong backing for Prescott's angry claims that the BBC had "stolen" the papers but more importantly floating of the privatisation of the London Underground is distinctly "on message". It is much easier to justify it as being consistent with the manifesto. And faced with the tightest of spending constraints, there were few cabinet ministers who would not prefer it if the private sector carried the strain of Tube investment – even if it meant giving them a measure of control over the Underground network – if that was a way of ensuring funds for health and education in the future.

And that is a point which goes far beyond the arguments over privatisation. But what both these incidents illustrate is the extent to which the old arguments within Labour have become blurred and even realigned. For policy is no longer a matter of ideology in the way that it once was. This after all is the first Labour government in which preservation of the NHS is sacrosanct but privatisation is perfectly possible. The Blair view of privatisation (in the trading sector) is utterly pragmatic: if it can work, while meeting standards of regulation that ensure the travelling public benefits, then fine. It is a sign of the extent to which the old dividing lines no longer apply. Was not John Prescott one of the first senior Labour figures to break taboos over the injection of private finance into public services?

And was not Frank Dobson, however imperfectly, doing his best to defend a difficult and agreed cabinet line? This doesn't mean that the conflicts won't be intense, but that many of them will no longer will be on the old left-right lines. In the difficult debates about next month's Budget, Gordon Brown, being a prudent chancellor as well as a leading moderniser, may well prove keener to raise revenue early in the cycle than Tony Blair, jealous guardian of the spirit as well as the letter of the manifesto. The Prescott and Dobson incidents are not of the first importance, but each illustrates in its own way the decline of old-style ideology in the modern Labour Party.

After 25 years, Dicky doesn't look so tricky

by Mary Dejevsky

They threw a "Break-In" party at the Watergate hotel in central Washington last night. The waiters were kitted out as secret agents, the "greeter" was a life-sized cardboard Nixon and the guests, who included one of the real-life cops who caught the bungling burglars in the early hours of 17 June 1972, received as a going-home present facsimile compilations of the *Washington Post's* finest hours.

Just across the road, at the yellow-stucco pile known as the Premier hotel, the management was preparing for the ceremonial opening of Room 723, with its famously unobstructed street view. Refurbished in *le style* Howard Johnson circa 1972, the room will henceforth display objects of "historical interest". And today, to round off proceedings, the Premier will provide the venue for a radio phone-in by a successful national talk-show host by the name of Gordon Liddy.

Twenty-five years after the break-in that triggered the first and only resignation of a US president, the sequence of events that was described by its central player as "a national tragedy" is being repeated – this time as entertainment. There have, of course, been the appropriate nods towards history. A few days before the Watergate hotel's break-in party, Washington's two-month-old museum of news (official name: the Newseum) held a symposium in which participants from then and analysts from now sat together in a darkened studio regurgitating the facts, cogitating the evidence and refighting the old battles.

We heard President Richard Nixon's muffled voice on one of those infamous tapes implicating himself – with what now seems only mild profanity – in the cover-up that cost him his job and his dignity. We witnessed Sam Dash, who was chief legal adviser to the Senate Watergate committee, and Leonard Garment, Nixon's legal counsel, barely refrain from howls as they contested the evidence about the then president's fitness for office and argued about whether, with hindsight, he could have "got away with it".

Ben Bradlee, who was then editor of the *Washington Post* – the paper that broke and made the running with the Watergate story – told again how he decided to give his two young reporters, Bob Woodward and Carl Bernstein, their heads. Katharine Graham, the *grande dame* of the American press and then chairman of the *Post*, recounted how she quelled her doubts and let the story run, and of her personal relief when she learnt that the helicopter carrying the disgraced president into a Californian exile had taken off from the White House lawn.

That was 9 August 1974, two years and two months after five men, directed by campaign finance adviser G Gordon Liddy, were caught in what was



President Nixon owns up on TV to the Watergate cover-up. A week later he resigned

Photograph: Camera Press

Watergate has bred political cynicism: expectations are so low that the alleged shenanigans of the present White House have lost the power to shock

described by a White House spokesman as a "third-rate burglary attempt" of the Democratic Party headquarters in the Watergate complex. Nixon was campaigning for re-election and feared – wrongly, as it turned out – that he would lose.

As the years have passed, a Washington consensus, refined with each anniversary, has formed about the significance of "Watergate". It diminished for ever, we are told, the awe in which the presidency was held by the people. It marked the start of media and public cynicism about politicians and politics. It forced a rewriting of the rules on political campaigning.

It inaugurated a golden era of investigative journalism, when everything and anyone was investigated – though not always to much effect. It made celebrities of the journalists involved, and it made journalism – for a generation – a celebrity occupation. It justified the use of anonymous "sources".

While there may be a consensus about Watergate's significance, however, many of the questions that cried out for an answer when Nixon resigned are still unanswered. What were the burglars after at the Democrats' headquarters? Were all five of them just trying to replace a bugging device

that had malfunctioned, or were they looking for something, if so, what – and why? Who was "Deep Throat", the anonymous source that Bob Woodward turned to at crucial stages? Why did Nixon not destroy the tapes? Was he really deterred because his legal counsel said it would be unlawful? Even the celebrated question, "What did the president know and when did he know it?" – whether Nixon knew in advance of the raid – has not been answered. The tapes – the ones he clung to for longest and fought a succession of legal battles to keep private – show that he knew of the break-in six days later and agreed to a cover-up.

The tapes also show – and this is the offence that would have made his impeachment inevitable had he not resigned – that he tried to subvert the judicial process (by blocking the FBI investigation into the break-in) and thus violated the constitution. They do not prove, however, that he instigated or approved the crime – although, from a series of prior events that would now be categorised as "shenanigans", he clearly contributed to a political climate where dirty tricks were the order of the day.

Dispiritingly, perhaps, for the heroes of Watergate, the

In the light of the possibility that Chinese money may have made its way into the last presidential election campaign, that White House privileges may have been granted to big Democratic donors of dubious provenance, and that the Attorney General may have been pressed not to appoint an independent counsel in consideration of the legality of the Clintons' fund-raising practices, there is a risk that Nixon's resignation could start to look almost honourable.

The political right would say that the left-dominated media have treated a Democrat president more kindly than they would a Republican. But the very cynicism towards politics that was bred by Watergate may also be to blame: expectations are so low that even the alleged shenanigans of the present White House have lost the power to shock.

It is small wonder, then, that Washington's elite chose to mark the 25th anniversary of Watergate by dancing the night away in the company of a cardboard Nixon and a posse of sham secret servicemen.

How to handle the information surplus

Can there be a surplus of information as there is with physical commodities? If so, what would be the equivalent, in terms of news and current affairs, of say, wheat piled up in warehouses? I ask this question because I have believed for some time that there may well be such an over-provision in the sense of there being too many suppliers of broadly the same information. When people complain about the sheer size of their newspapers and about the bewildering number of magazines and newsletters covering every conceivable interest, about the non-stop news programmes that radio and TV provide, and now the Internet, they have a point.

One sign of surplus is that businesses are beginning to see information management as a distinct task that needs to be done well. Reuters recently published a poll of line managers' attitudes which revealed that many felt they were suffering from "information overload". As a result, new types of job have been created – director of information, chief knowledge officer and the like. I think information handling will become a business skill that will eventually rank alongside personnel management and financial control as essential services



Andreas Whittam Smith
When people complain about the size of their newspapers, the number of magazines and now the Internet, they have a point

no enterprise can do without. A second sign of over-supply is price weakness. Here one has to look not only at the prices of publications but also at the rates that publishers of news and current affairs can charge for any accompanying advertising. In both cases you can see a steady decline in real terms. And on the Internet, which has greatly enlarged in an unplanned way the amount of readily available information, few publishers have been able to extract any money from visitors to their sites. Perhaps *The Economist*, which last Friday started to ask a fee for online access to its articles, will be an exception – *The New York Times* abandoned similar plans.

Over-supply often follows a drop in production costs. The consequent widening of profit margins encourages expansion and also new entrants and then the increase in output may well be carried too far. National newspapers have more than halved their workforces compared with 10 years ago, while substantially increasing their output as measured by paging and various supplements. There have been similar increases in the efficiency of radio and television gathering.

The supply of news and current affairs, however, is not an

industry like any other. Some of the biggest players are non-commercial. The BBC, for instance, does not have to worry about its revenue – the licence fee is payable without regard to the use its customers make of its service. So when ever BBC management complains about this or that, it is worth remembering that it is spared the hardest part of running any business – succeeding in the marketplace.

Another feature of the news and current affairs industry is that many of the providers, while not subsidised by the state, are none the less considered by their owners to be trophy assets. Control of a television network, radio station or newspaper is seen as conferring prestige as well as providing a financial reward. Consequently, low returns or losses will be borne with more patience than is normally the case. Indeed for as long as I can remember there have been rich businessmen ready to acquire national newspapers – the *Fayeds* at the moment, and before them, "Tiny" Rowland, the late Robert Maxwell, Sir James Goldsmith and the Cadbury family, who owned the *New Chronicle*, later absorbed into the *Daily Mail*. The upshot, to put it in economic terms, is that supply

adjusts only marginally, and slowly, to changes in demand, such as a fall in advertising revenue during a recession.

What is to be done? This question about designing a product for an over-supplied market faces the editors of a lifetime newspaper and its rivals, as well as the managers of radio and television news and current affairs. Likewise the reader or listener or viewer despairingly poses a similar problem: "How shall I cope?" A common answer, which I believe is mistaken, is to put as much as possible in short form. You can even buy software that will automatically summarise complex documents.

The trouble with summaries and news bites, however, is that they are often misleading, making sense only to the summariser, who remembers what has been left out. Intelligent people need an almost direct, sensuous contact with the news as it develops. Then they can see patterns in the flux of reported events. They can synthesise changing data. It does them no service to boil everything down. *Channel 4 News* at 7pm and, in France, the 8pm *Journal* on France 2, transmit news stories at greater length than their rivals – albeit covering fewer items – and both sta-

tions, I would say, achieve a more satisfying result.

There is too much news and not enough thinking. One of the reasons why I greatly enjoy Peter Jay's presentation of economic news on BBC 1 is that his reports are the product of a lifetime's consideration of the subject. It shows. Every significant angle is caught and integrated into his text, graphics and pictures. In the same way, if information managers working in companies spent less time preparing summaries and instead arranged sessions in which groups of executives discussed the news relevant to their activities – however specialist and technical – and thought through the implications, they and their colleagues would begin to understand the Big Picture much better.

The most important challenges in journalism and information management in these times of glut are how to let the Big Picture emerge, rather than how to compress news into a given space as measured by broadcast seconds, column inches or paragraphs in news digests. We need an expansiveness as well as an economy of coverage. Otherwise the old and persistent question – what does it all mean? – can never be answered.

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Chief executive at NatWest Markets ousted

Tom Stevenson
Financial Editor

NatWest cast serious doubt on its investment banking ambitions yesterday when it issued a profits warning and ousted Martin Owen, the chief executive of NatWest Markets. The departure of Mr Owen with immediate effect signals a dramatic reversal of NatWest's previous strategy of attempting to grow the division into a top-10 global player capable of taking on American powerhouses such as Goldman Sachs and Morgan Stanley.

The unexpected announcement comes just weeks after it emerged that NatWest had initiated merger talks with Abbey National. That move, which would have further marginalised NatWest Markets within the enlarged group, has left industry watchers confused about the group's future direction. "What surprises me is that 12 or 18 months after they started pumping money into this area they should seem to be having second thoughts," one dealer said.

Derek Wanless, chief executive of NatWest Group, has taken on direct responsibility for NatWest Markets until a new chief executive can be found, although it is thought likely there will be calls for him also to take responsibility for recent failures. He said yesterday a review of the business had begun to speed up progress towards generating acceptable returns.

Mr Owen's abrupt departure follows the announcement earlier in the year that NatWest Markets had lost £90m on its high-risk derivatives trading operation. It is thought an upcoming report into the debacle could be used as an opportunity for the bank to edge away from those volatile activities.

Like his high street rival Barclays, NatWest has come under strong pressure from its institutional investors to improve returns from investment banking, which lag behind industry benchmarks and its own retail banking division. Lloyds TSB, which has long steered clear of its rivals' investment banking ambitions, is estimated to make a return of 30 per cent on its shareholders funds - NatWest makes about 25 per cent from retail banking but only around 10 per cent from its investment bank.

Mr Wanless downplayed suggestions that he was sidelining investment banking, and said capital would be redeployed into "investment banking areas where better returns can be achieved". He paid tribute to Mr Owen but concluded that "it is important that we strengthen the senior management at NatWest Markets. It must have strong leadership and a clear strategy."

Mr Owen was NatWest's highest paid director last year, taking home a total of £815,000, including a £500,000 bonus. He waived £200,000 of the bonus following the derivatives loss. Employed on a 12 month contract, Mr Owen is still negotiating the terms of his severance package.

Mr Owen, described as talkative and friendly, was thought an unlikely head of a global investment bank. Previous positions in a varied career have included three years at the Salvation Army and a spell as a financial regulator in the Isle of Man.

Mr Wanless confirmed recent fears for NatWest's profits yesterday when he said half-year profits at the bank would be significantly lower than for the same period last year, despite an improved performance from the rest of the group. Pre-tax

profits for the six months to June are not expected to exceed £70m, compared with some analysts' expectations for more than £90m.

Brokers were yesterday taking the red pen to their forecasts for the full year, with estimates coming down by around 15 per cent to £1,750m.

Investors have pushed for capital to be reallocated to high street banking, where high returns are coupled with much lower risk and volatility. The fear of greater competition on the high street pushed the shares of the whole sector lower yesterday.

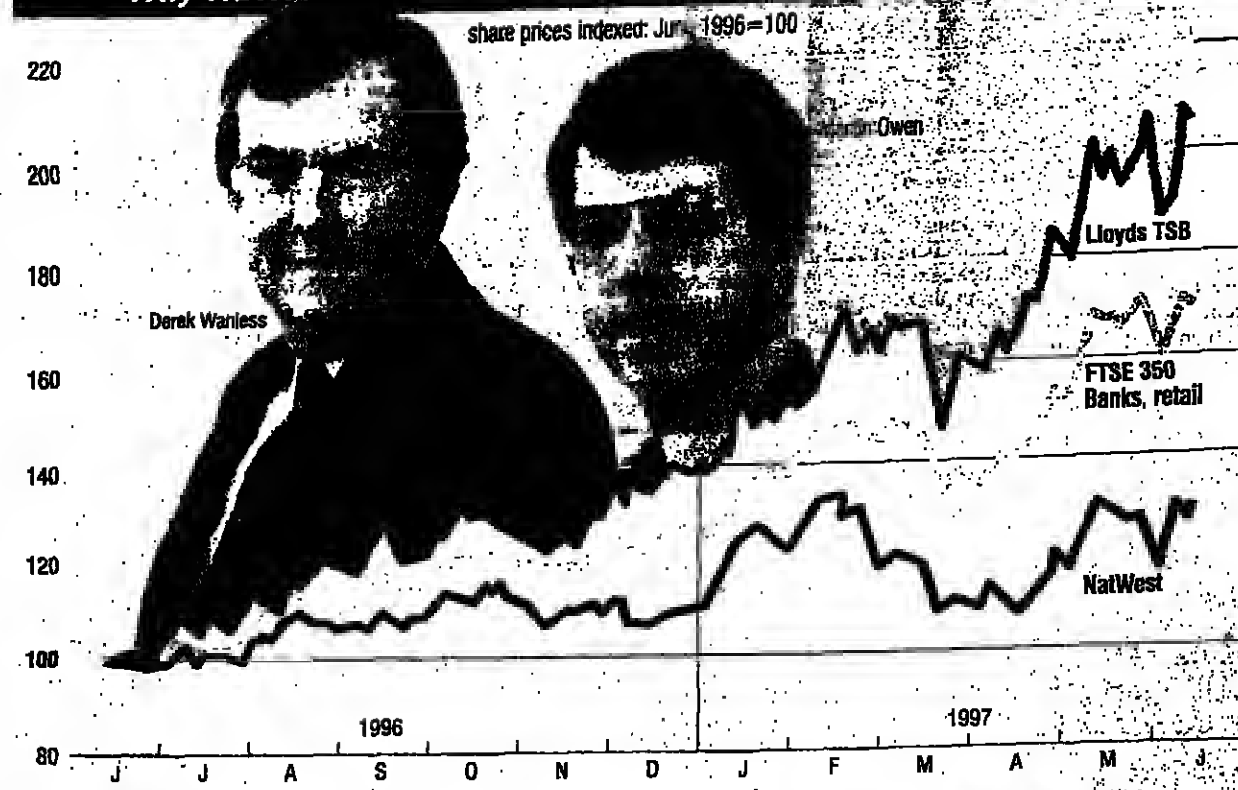
NatWest's share price tumbled from a high of 819.5p early yesterday to a close of 755p, continuing the company's marked underperformance of its peers over the past year.

High street rival Abbey National fell 27.5p to 868p, Lloyds TSB slipped 15p to 625.5p and Barclays, under similar pressure to do something about the returns from its BZW investment banking arm, fell 36.5p to 1212.5p.

Mr Wanless said an independent inquiry into the losses earlier this year in its interest rate options business was nearing completion. He expected an announcement to be made before the end of the month, a month later than hoped.

The report by City accountants Coopers & Lybrand and law firm Linklaters & Paines, has already been passed to the Bank of England and financial markets watchdog the Securities and Futures Authority.

Why NatWest had to rethink its investment banking strategy



NatWest's global ambitions

- 1992 NatWest Markets formed from combined wholesale banking activities of NatWest Group.
- October 1995 Acquisition of Gleacher, US-based mergers and acquisition specialist for \$135m

- February 1996 Bought fund manager Gartmore for £472m, merges with NatWest Investment Management, to be managed with Courts and NatWest Life.
- June 1996 Acquired bond dealer Greenwich Capital Holdings from Long Term Credit Bank of Japan for \$590m.

- October 1996 Bought corporate finance boutique Hambro Morgan for an estimated £100m.
- June 1997 NatWest grows to 8,000 staff in 26 countries. Martin Owen resigns.

Five managers have been suspended and millions of pounds in bonuses were clawed back after the problems came to light. The investigation has already confirmed the cost of the mispricing of interest rate options at £77m but Mr Wanless admitted that the affair had had a knock-on effect on the profits

of the investment banking division as a whole. One analyst said yesterday the resignation of Mr Owen, who had been the architect of NatWest's growth ambitions, marked the end of any pretence that the bank could take on the highly successful American banks, which have used the

large profits from their massive domestic market to bankroll expansion abroad. The analyst described the departure as a headhunter's charter and said he expected many of NatWest's best employees to leave.

Another problem facing the medium-sized UK investment banks in recent years has been the incursion of European players such as Deutsche Bank who have been prepared to accept the low returns on offer in British investment banking because of the even lower returns available on their domestic retail banking operations.

Comment, page 23

...and is it BZW next?

The mounting problems at NatWest have focused attention on its high-street rivals and their different approaches to the volatile and so far relatively unrewarding area of investment banking. The evidence suggests sticking to unglamorous but predictable retail banking has been the better course, writes Tom Stevenson.

Lloyds TSB flirted with the idea of growing its own investment bank in the 1980s but took the view it would never be able to compete with the well-capitalised American players and withdrew. It has rewarded its investors with a 30 per cent return on capital and a share price that has doubled over the past year.

Barclays has shared NatWest's goal of becoming a meaningful global participant and has failed to make a better fist of it through BZW than its rival. Institutional investors in both companies have called for a withdrawal from investment banking and the redirection of the capital tied up in that business to the more steadily profitable high-street banking core.

Analysts believe NatWest has been more aggressive in its pursuit of its global ambitions. BZW has avoided the embarrassment of NatWest's heavy derivatives loss and has spent less than the £1bn its rival has splashed out on acquisitions.

There is thought to be less pressure on Barclays because its other businesses are in better shape than NatWest's.

Strong debut for Norwich Union

Tom Stevenson

Tax credit fears hit share prices

Diane Coyle
Chris Godsmark
and Magnus Grimond

Fears the Government will use next month's Budget to abolish the tax credit pension funds receive on dividend payments hit share prices yesterday, topping them from the new peak set at the end of last week. The FTSE 100 index ended 38 points lower at 4,745.1, the first fall in three trading days.

The setback was triggered by a report, described as speculation by the Treasury, that the Chancellor, Gordon Brown, plans to raise up to £5bn by abolishing the 20 per cent tax credit tax-exempt institutions such as pension funds can claim against company payments of advance corporation tax. Critics of the tax scheme have blamed it for the relatively high dividend payments made by UK businesses.

Although pension funds have been the most vociferous in lobbying against plans to scrap the tax credit, business organisations say it would hit their cash flow too. Ian Peters, deputy director general of the British Chambers of Commerce, said yesterday: "There is a danger it will have an adverse effect on businesses because they could be forced to make up the shortfall in pension fund income."

In its Green Budget last month, the independent Institute for Fiscal Studies agreed with this analysis and said any money raised by scrapping the tax credit should be returned to the company sector. It said this would be a clear test of the Government's commitment to raising

the level of business investment.

The Institute of Directors yesterday warned hefty rises in corporate taxes in next month's budget would "seriously undermine" the Labour Party's new-found support from the business community. Tim Melville-Ross, director general of the IOD, said the leaks from the Treasury suggesting the tax changes risked turning City sentiment against the Government.

"We are far from saying that the government has proved its credentials in terms of being business friendly. The last building block in the short term is the Budget and a swinging increase in corporate taxation would seriously undermine the developing relations between the business community and the new government," he said.

However, earlier estimates that abolishing ACT credits would hit the market by as much as 10 per cent were played down by many observers yesterday. The £5bn that the move would raise for the Government was itself comfortably exceeded by yesterday's fall in the value of the market, which Datastream put at £8,66bn. In the context of a market still valued last night at £1,193bn, £5bn would be a drop in the ocean.

Analysts said there would have to be a modest downward correction to restore the relative yields on equities versus Government securities or gilts.

Separately yesterday Railtrack denied it had been told to pay the windfall tax. A spokeswoman said the privatised rail group had not held any discussions with the Treasury.



Robert Hawley: Will leave at the end of the month

Hawley quits British Energy with bumper £450,000 pay-off

Michael Harrison

Robert Hawley, chief executive of the privatised nuclear power generator British Energy, is quitting the post with a £450,000 pay-off after being refused the chairmanship of the company.

The surprise announcement yesterday means that British Energy is in line for a further bout of boardroom upheaval. The company has pledged to appoint a successor before the end of the year. In the meantime John Robb, presently non-executive chairman, will step into the breach as executive chairman.

Mr Robb is due to retire himself in two years' time. He took on the job of chairman after John Collier, a lifelong nuclear executive and chairman of Nuclear Electric, died in the run up to the £1.3bn flotation of the industry last year.

In a brief statement, British Energy said that Mr Hawley would be leaving at the end of this month following discussions about the management succession and the age profile of the board. Mr Hawley, who is 60, had indicated that he wanted to take over the chairmanship when Mr Robb, who is 61, retires in 1999.

The board decided, however, that it wanted a younger man and so told Mr Hawley that he would not get the job. Mr Hawley said yesterday that it was time for him to move on "to concentrate on the development and growth of other companies in the role of chairman".

He is currently chairman of a small engineering company Rourk and also of Tricorder, a management buyout from the engineering group Ricardo. Mr Hawley is credited with

having turned the nuclear industry around, got it through privatisation and overseen its first year in the private sector. However, some insiders regarded him as being a little too brusque for the role of chairman, particularly given the politically and environmentally sensitive position British Energy occupies.

In the run-up to privatisation Mr Hawley was involved in a series of tough negotiating sessions with the Department of Trade and Industry that ended him neither a civil servant nor minister.

The two internal candidates for the chief executive's job are Peter Wary, 47, chief executive of Nuclear Electric, which runs the group's nuclear power stations in England, and Robin Jeffrey, 58, chief executive of Scottish Nuclear. The other se-

nior executive board member is finance director Michael Kirwan, who is 56.

However, the board intends to extend the search for a suitable replacement to outside candidates.

Dr Hawley is the second senior executive in the privatised electricity industry to leave his job in the past seven days. Last week National Grid, which operates the electricity transmission network, said that it had asked its finance director John Uttley to leave.

Dr Hawley joined Nuclear Electric as he was then in 1992 after a career in the engineering industry which culminated in the job of managing director at Northern Engineering Industries. He was on a salary of £207,000 when British Energy was privatised and his contract was due to end in July, 1999.

GEC to close world's oldest telecommunications college

Chris Godsmark
Business Correspondent

GEC is to close the world's oldest telecommunications training college, bringing to an end more than 90 years of history and casting doubts about the electronics giant's commitment to investment in education and training.

Staff at the Marconi College, part of the GEC-Marconi defence division, were told about the closure plans in an internal memo last week. It said that up to 36 jobs at the college in Chelmsford were "at risk of redundancy".

The company blamed the decision on falling orders for training from within GEC and from outside clients. It emerged last week that GEC was cutting 535 jobs at the site, though the group did not reveal at the time that part of the cuts involved closing the residential training site.

According to the memo, orders for training work at the college were predicted to be £245,000 below the budget plan this year. It continued: "Clearly this situation cannot be sustained and as a result the Marconi Simulation and Training

management have been obliged to take action to contain the loss."

The operation was the world's first telecommunications training facility, established by the Marconi company in 1901 as the Wireless and Telegraph Training College. Students are offered courses in coding, radar, radio and thermal imaging.

The closure sets GEC against a recent industry trend towards greater investment in training. Multi-national firms including Ford and Motorola have invested heavily in UK training re-

cently, while Unipart, the car components company, has built its own employee "university".

GEC has frequently been criticised for its research and development record, charges rebuffed by the former managing director, Lord Weinstock.

Sources blamed GEC for failing to invest in the college to update facilities. Staff were told improvements costing more than £900,000 were needed, including improving hotel accommodation. The memo said: "This investment cannot be justified with the current level of predicted sales and margins."

NOTICE OF VARIATION OF INTEREST RATES

With effect from 1 July 1997, for both new and existing customers, the following rates will increase to:

Mortgage Rate 7.95% per annum

100% Mortgage Rate 8.45% per annum

Flexible Choice Mortgage Rate 7.20% per annum

Royal Premier Mortgage Rate 7.20% per annum

Existing arrangements apply for Centralised Mortgage Services customers.

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British

Michael Harrison

With Steel is accelerating its programme of cost-cutting and restructuring to ensure it remains profitable in the face of a strengthening property market and a strengthening of sterling and peak prices.

Profitable profits slumped to £11m last year from £100m in 1995 and are expected to fall further this year to £15m and £10m.

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COMMENT

If NatWest ever had global pretensions in investment banking, it is now obvious that these were over-ambitious

NatWest needs to restate what it is trying to do

Once a company is under the City's inquisitorial spotlight, it becomes difficult to duck out of it. That's the unfortunate position NatWest Westminster Bank finds itself in after a disastrous run of events which has seen first the company fall victim to a £90m loss on fraudulent trading in interest rate options, then receive the brush-off in merger talks with Abbey National, and now this. It is hard not to draw the link between these things and conclude that this is a bank in some difficulty, a bank casting around for solutions but unable to come up with anything convincing.

The departure of Martin Owen as chief executive of NatWest Markets is being widely seen in the City as the start of a phased withdrawal from investment banking so that its capital can be reallocated to more profitable retail banking. NatWest made 20 per cent plus on retail banking last year; on investment banking the return was barely more than the cost of capital at 12 per cent. Compare that with the 30 per cent return that Lloyds TSB makes, having shunned investment banking entirely over the years, and the attractions of retail over investment banking become obvious.

However, if that is what NatWest is really doing, it would mark a U-turn in strategy of such dramatic proportions that it shouldn't be just Mr Owen who is walking the plank, but Derek Wanless, his friend and mentor, and possibly Lord Alexander, chairman, too. NatWest has invested more than £1bn in

bolt-on acquisitions to the investment banking side over the past 18 months, buying Gleacher and Greenwich in the US and Gartmore and Hambro Magan in the UK.

For NatWest to put all that into reverse so soon after announcing that it aimed to become one of the world's leading global players in investment banking would indicate a confusion, lack of direction and loss of confidence at the top of a very alarming kind. So it should not come as any surprise to find NatWest insisting that this is not what is happening here at all. Actually it is the realisation that Mr Owen is the wrong man for the job and a recognition of the need for root-and-branch reappraisal of where capital is being used to best effect, the bank says.

There is, however, usually something to be said for the stock market's knee-jerk reaction to and interpretation of events, and there may be in this case too. Plainly NatWest needs at least to rearticulate and re-explain what it is trying to do with both the retail and the investment banking businesses. If it ever had global pretensions in investment banking, it is now obvious that these were over-ambitious. Shareholders need reassurance that there is an achievable and realistic strategy in place for NatWest Markets, which will eventually yield a reasonable return.

Just as the options debacle has focused attention on NatWest's lack of money-making clarity in investment banking, the failed talks with Abbey National have highlighted the group's uncomfortable position as a mid-

die-ranking player in retail financial services. There, too, NatWest needs to redefine its ambitions and place in the market.

All businesses need time to reap the rewards of long-term strategies, and it is worth recalling that until the options fiasco, the general view in the City and the press was that NatWest wasn't doing too badly. Perceptions have now turned quite markedly, however, and doubts that were always there just beneath the surface have now surfaced with a vengeance. If NatWest fails to address these concerns pronto, it could find someone else doing it instead.

Chancellor should think hard on dividend credits

An emergency package to introduce the windfall tax and welfare-to-work measures was how next month's Budget was originally billed. But that was before the landslide, and the indications are that Gordon Brown has steadily expanded his Budget ambitions. What- ever we get on 2 July, it will have to satisfy the Chancellor's taste for drama and headlines.

The latest suggestion is the abolition of dividend tax credits. This is an idea that has been kicking around for a long time and holds obvious attractions to New Labour as a revenue-raising device because the UK company sector appears to have a higher dividend pay-out ratio than business in most other developed countries. Reducing the tax incentives

to pay high dividends will in theory boost retained earnings and investment.

As a part of a larger reform of corporation tax, this would be a sensible move. But there are two objections to the plan as leaked. The first is that corporate tax reform ought to be the subject of wide consultation by the Government, rather than being rushed in via an emergency Budget. The second is that it will in practice hit companies' cash flow because they are likely either to have to make higher contributions to their pension funds or raise cash dividends to compensate big investors for the loss of the tax credit. A Government that is pro-business and pro-investment would return the £5bn proceeds by reducing the mainstream corporation tax rate.

Mr Brown appears to be casting around for the least painful way to increase the tax burden, and settling on the complicated issue of dividend taxation is a soft target. Leaking the news out early will have helped ensure the market reaction occurs safely before Budget day.

The bottom line in all this, of course, is that the country is not paying enough tax to finance all the Government spending we want, especially on health and education. With the election out of the way and a winter of crisis in the public services looming thanks to inherited spending plans, the Government does need to start talking about tax increases alongside its ambitions for welfare reform, high growth and employment. But

it should not be rushing in to a mish-mash of tax changes like the abolition of the dividend tax credit without the kind of pre-Budget debate it promised in opposition.

British Energy decommissions its c.e.

Dr Robert Hawley, chief executive of the nuclear power generator British Energy, has been unexpectedly decommissioned five years before the end of his working life. His decision yesterday to part company with the group at the age of 60 was put down to it needing to lower the "age profile" of the board. The reality was that Dr Hawley asked for the chairman's job and was refused it.

Perhaps that was a wise move on the part of the board. Dr Hawley may be good at running pressurised water reactors but chairing a business as politically sensitive as nuclear generation requires skills of diplomacy and tact not always shown in abundance when dealing with Whitehall and Westminster in preparation for flotation.

His departure means that the two architects of nuclear privatisation are no more. John Collier, the former chairman, having died of cancer before the flotation. While a replacement for Dr Hawley is sought, a former pharmaceuticals executive, John Robb, will run the show. But since British Energy will never build a nuclear reactor again does anyone really care?

Strong debut for Norwich Union

Tom Stevenson
Financial Editor

Norwich Union shares jumped to an early premium to the 290p strike price of its £2.4bn share offer yesterday, netting immediate profits for new shareholders despite a fall in the market as a whole. The shares closed at 324.5p after reaching 350p in early trading.

The strong debut for the shares meant almost 3 million former members of the life and general insurance group received windfalls worth an average £1,300. Members who received the minimum 300 share, handout have a share stake worth just under £1,000. Many members received far more than that, depending on the size of their insurance or pension policies. Around 1.1 million non-profit policyholders received 150 shares, which were worth just over £500 at yesterday's closing price.

The Norwich windfalls are the latest instalment in a summer of handouts which are estimated to be injecting more than £30bn into the British economy, raising fears that interest rates will have to be increased more than would otherwise be the case in order to restrain consumer demand.

With nearly 150 million shares changing hands, Norwich Union was easily the day's most actively traded stock. Wilder predictions that the shares might push towards 400p proved unfounded, as the market struggled to overcome worries about tax rises in the Budget, but investors still received a healthy first-day profit.

Any member who successfully applied for £1,500 worth of shares in the institutional and retail offer that accompanied the free-share handout, would have made a paper profit of £342. Members enjoyed a 25p share discount in the offer, and successful applicants were able to pick up shares at just 265p.

The price of the shares is expected to remain volatile as the market focuses on concerns that the Government may remove the tax advantages of tax-exempt groups such as pension funds and charities. That would have a knock on effect on the stock market value of shares.

Analysts have said the fair value of Norwich Union shares is between 280p and 340p but, as with the Halifax and Alliance & Leicester flotations, continuing upward pressure is expected to be put on the shares by institutions keen to increase their exposure to the stocks before Norwich Union enters the FTSE 100 index of leading companies.

Nationwide fends off speculators

Nic Cicutti
Personal Finance Editor

Nationwide Building Society was forced yesterday to raise the minimum opening balance on many of its savings accounts after coming under siege from carpet-baggers hoping to gain from potential free share windfalls.

Coventry Building Society barred some account openings altogether after being similarly inundated. Both societies have declared their commitment to mutualism.

At Nationwide, 25,000 new accounts were opened in a single day last week, with some branches running out of pass-books as they tried to cope with a flood of applications from so-called "carpet-baggers".

The openings come as Nationwide fights off a bid by five rebel members, campaigning under the banner Members for Conversion, to win seats on the society's board in this month's election. If the rebels were to win, or to do well in the election, they would claim this reflected a mandate for demutualisation.

The Building Societies Commission, the industry's watchdog, denied suggestions yesterday

that it was seeking to bar the five candidates on the grounds of inexperience. A spokesman said that, as with all successful candidates, their suitability would be assessed after the election.

Nationwide claimed yesterday that a large number of new openings were not from windfall speculators but from genuine savers attracted to its highly competitive rates.

"A large proportion of the openings is not speculative in that sense. For example, what we are seeing is the average balance is £10,000 compared with the £500 minimum. A lot of that comes from demutualising societies."

Nationwide is increasing the minimum balance on some accounts to forestall carpetbaggers. These include the Capital Builder account, whose opening balance stood at £1,000, was dropped to £500 in April but has been raised back to £1,000. Invest Direct, another account, has gone from £500 to £2,000.

Coventry said it had been pushed into halting new openings of MoneyMaker and Bonus savings accounts.

Other accounts would only be available to customers living within certain Midlands postcodes.



In the frame: from left, Peter Stothart, CFC chief executive, Mike Boudry, CFC chairman, Sharon Reed, Framstore md, and William Sargent, Framstore financial director

Megalomedica buys CFC

Cathy Newman

Megalomedica, Lord Saatchi's media and recruitment services company, has formed Europe's largest special effects group by spending £8.6m on Computer Film Holdings, one of the leading providers of digital effects to the international film industry.

Computer Film Holdings (CFC), which has offices in London and Hollywood, will merge with Megalomedica's

Framstore division. CFC has worked on 90 feature films in the US and Europe, including blockbusters such as *Mission: Impossible*, *Braveheart* and *The Nutty Professor*, starring Eddie Murphy.

A spokesman for Megalomedica said yesterday the company would fill-in with other acquisitions in the screen-based services sector. He said the merger would not result in any job losses.

Megalomedica, which is head-

ed by Lord Saatchi and boasts Mick Jagger as a shareholder, has stakes in a number of new media ventures, including Cyberia Cafe and the Multimedia Corporation.

Last August, it acquired an 11.1 per cent share of Webmedia, a web site design outfit. Megalomedica joined the Alternative Investment Market in December 1995.

CFC had turnover of £5.19m in the year to September, and profits of £447,000.

Brown to put labour markets centre stage at G7 summit

Diane Coyle
Economics Editor

Gordon Brown, the Chancellor of the Exchequer, will seek to make improved employability and reduced joblessness a main theme of the economic summit between the Group of Seven countries and Russia in Denver later this week.

The discussion will be a prelude to a special jobs summit to be held in the UK early next year. In an emphasis that will chime entirely with the views of the Clinton administration, the Labour Government wants the meeting to focus on equipping people with the skills they need to succeed in a flexible labour market, and on removing barriers to job creation.

Announcing the summit, likely to be held in February, Mr Brown said: "Employability is the key to a cohesive society which offers opportunity to all its citizens. Better education and higher skills, combined with

reduced burdens on business, are the way to guarantee high and stable levels of growth and employment."

This week's summit of world leaders and finance ministers is likely to commission new research to be presented in February. A series of summits since 1994 has led to a developing consensus that jobs can not be created by extra government spending, although the new

Socialist government in France might yet need to be brought round to this point of view.

The economic summit in Denver on Friday and Saturday will also include a discussion of trade tensions between the US and Japan as a result of the latest rising bilateral trade surplus with America. But the summit is unlikely to mark another turning point in the dollar's exchange rate against the

yen because central bank governors will not be present.

The dollar has fallen from above ¥125 to ¥114 since the G7's February summit produced a statement that its earlier rise had gone far enough. "They might paper over the cracks at this week's summit, but if that trade surplus continues going up there will be serious exchange rate pressures by the autumn," said Ian Harwood, international economist at Dresdner Kleinwort Benson.

A third item on the agenda will be a further push for improved international co-operation over financial regulation and international financial crime. Progress on this has been slow, and the G7 would like to extend it to include Russia.

However, a new paper due to be published at the weekend will report on progress made since the initiative was launched at the Lyon summit last year and set the agenda for progress during the next 12 months.

Only a half of unemployed people who find work will still be in a job nine months later, and a fifth of the workforce either loses or starts a job during the course of a year. Despite this amount of churning in the jobs market, nearly one in five households in the UK has nobody in work. The extent of turnover in jobs, revealed in research published yesterday, lends support to the view that it is better for the unemployed to take any job because it will often lead to a better one.

In an article in the Employment Policy Institute's latest *Employment Audit*, researchers Paul Gregg and Jonathan Wadsworth from the London School of Economics track the movements into and out of work by individuals in 1994/95. They found that most starter jobs were temporary, with only one in eight surviving intact for nine months.

Employment Audit, Employment Policy Institute, 0171-735 0777.

Airbus plc plan still on track

Chris Godsmark
Business Correspondent

Ministers from the four countries involved in the Airbus consortium yesterday pledged to stick to the timetable to turn the plane-maker into a fully fledged company by 1999, despite fears the process had become stalled.

Emerging from the meeting at the Paris airshow yesterday, Margaret Beckett, President of the Board of Trade, said she was "cautiously optimistic" about the plan, but urged those involved to adopt a sense of urgency.

Mrs Beckett said the ministers had backed the memorandum of understanding signed in January, which said the new company would include assets from partner companies which include British Aerospace and Dasa of Germany. "The situation is on the way to being resolved. It's not resolved as of now but they are committed to resolving it. The final deadline of 1991 is still the final deadline," said Mrs Beckett.

Reports recently suggested Yves Michot, head of Aerospa-tiale of France, had said the partner companies had agreed not to include assets in the venture, leaving the Airbus company as little more than a marketing organisation. Mrs Beckett said these comments had been described as "a misunderstanding" in the meeting.

The French Communist transport minister, who chaired the meeting, gave no hint about his new government's commitment to privatising Aerospa-tiale, a move seen as an essential first step to creating an Airbus company.

British Steel to accelerate job cuts

Michael Harrison

British Steel is accelerating its programme of job cuts this year, squeezing suppliers harder and seeking to locate more production abroad in the face of tumbling profits caused by the strength of sterling and weak prices.

Pre-tax profits slumped to £451m last year from £1.1bn in 1995/96 and analysts are pencilling in a further collapse in profits this year to between £150m and £200m.

Sir Brian Moffat, British Steel chairman, said that the group had already announced 2,000 job losses this year. Although he would not put a figure on redundancies for the full year, analysts believe it could be double the 1,500 shed in 1996.

At the same time, Sir Brian said British Steel was keen to expand production abroad. The company is carrying out feasibility studies into taking a majority stake in a \$900m mini-mill in Indonesia and Sir Brian said the long-term aim was to in-

crease overseas production to 25 per cent of total output.

The company has made a series of big investments in steel-making capacity in North America in the last three years and is proceeding with investment in steel finishing facilities near Bombay in India. Sir Brian stressed that the company's overseas ambitions did not pose any threat in the medium term to its four integrated UK plants at Port Talbot and Llanwern in south Wales, and Teesside and Scunthorpe on the east coast.

But he said the efficiency drive would be stepped up to make up for the currency disadvantage and extra transport costs that British Steel suffered compared with European rivals.

He renewed his plea to the Chancellor, Gordon Brown, to raise taxes in the Budget rather than relying upon higher interest rates to quell inflation. British Steel is also looking to get better value out of its 2,000 suppliers and this year expects them to absorb inflation - meaning a price reduction in real terms.

Of the £650m decline in British Steel's profits, £400m was caused by weaker prices and the strength of sterling while the Avesta stainless steel business made a loss of £7m compared with a profit of £228m in 1995/96.

Despite an increase in British Steel's market share, both in the UK and in the rest of Europe, overall, revenues per tonne were down by 8 per cent due to a combination of exchange rates and lower prices.

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City+

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Sterling hammers British Steel

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

The iron bar represented by the pound-deutschmark exchange rate looks like doing grievous bodily harm to British Steel as far ahead as it is sensible to look.

As fast as the company sheds jobs at home and expands production abroad, sterling's strength eats away at profits.

The one consolation is that things could have been worse. Pre-tax profits last year, though down by 60 per cent to £451m, were not as badly hammered as some had feared.

Indeed, add back in £60m of unanticipated restructuring provisions and the bottom line begins to look almost healthy.

This year there will be more pain. In 1996-97 British Steel achieved an exchange rate of DM1.46 to the pound. This year it expects the rate to be more like DM1.75.

With 60 per cent of sales denominated in deutschmarks and profits cut by £10m every time the pound appreciates by one pfennig, it is easy to see why the company is screaming from the rooftops for a little less emphasis on interest rates as the mechanism for keeping inflation in check.

In fact British Steel has been just as badly hit by soft prices. Taking hot-rolled coil over the past 18 months, for instance, the price has slumped by around a quarter to DM480 a tonne.

The stainless business, Avesta, has been hit hardest. Although prices have moved off the bottom, encouraging the company to describe the trading outlook as one of "cautious optimism", prices have a long way to go to get back to their peak two summers ago.

The company's answer to the short-term phenomenon of a strong exchange rate has been to axe jobs - 1,500 last year and more than 2,000 already announced this year - and look for opportunities to increase its presence overseas.

Its US steelmaking businesses are just coming on stream and it is in advanced talks to take a majority stake in a \$900m Indonesia mini-mill. In five years' time British Steel could see a quarter of production coming from abroad.

Given the company's high operational gearing and huge sensitivity to small price movements, accurate forecasting of profits becomes a lottery.

The mid point this year is around £250m, but prices only have to soften or harden by 2 per cent for these to move £150m in either direction.

Assuming £250m for this year, the shares, down 5p to 158.5p, are on a forward multiple of 18 times earnings.

They are also yielding a thumping 8 per cent.

The dividend was held last year and looks safe again this year, backed by a strong cash position. Hold for the income, but not much else.

Britax earnings set to take off

Shareholders of Britax, formerly called BSG, have had to fasten their seatbelts over the last few years as chief executive Richard Marton has set about revamping the aeroplane galley to car accessories group.

Earlier this year Britax ended its long association with selling cars by disposing of its Bristol Street dealerships for £72m. Now it has spent most of the proceeds, a net £64m, on German group Buderus Sell. The purchase, its biggest ever, makes Britax the world's largest provider of aircraft toilets, cookers and coffee makers.

The logic of the deal is hard to fault, expanding Britax's presence in a business which typically earns margins

of around 9 per cent, compared with the 1 to 2 per cent returns made by car dealers.

And it is a neat fit. Britax already has a long-term contract to supply Boeing, while Buderus serves Airbus. Together the new partners will control up to 40 per cent of the market. At first glance Britax looks to be paying a hefty price. The German group made a profit of just £3.7m in the year to last September on sales of £37.3m. But world-wide aircraft orders are booming and should continue to grow strongly in response to the 6 per cent annual growth in airline passenger numbers. The industry has enjoyed over the last few years.

With cost savings to be had from increased purchasing power, analysts reckon Britax's profits could double this year. That means the deal will be earnings enhancing from day one.

Elsewhere sales of new products such as first class seats for British Airways' aircraft, dubbed "flying beds", have taken off and a new seat designed especially for the US carrier United Airlines is about to be unveiled shortly.

Its child car-seat business is also going from strength to strength, helped

by ever more stringent international safety standards, and Britax is looking to expand the business in Malaysia and Singapore.

It is likely to cash in on this success by making more, but smaller, acquisitions. Albert E Sharp has upped current year forecasts from £37.8m to £39.5m, putting the shares, up 2.5p at 99.5p, on a prospective price-earnings ratio of 12. Good value.

Wainhomes builds up profits

Wainhomes has bounced back from last year's problems, including a police investigation into irregularities at its Lancashire arm. Bill Ainscough, the founder and main shareholder, has moved quickly to tighten up management at the Chester-based group since retaking the helm 17 months ago.

Pre-tax profits more than tripled from £2.08m to £6.68m in the 12 months to 4 April, on turnover raised from £96m to £106m. The largest boost came from the loss-making northern and Midlands regions, which, labouring under the impact of a £3m bid for over-valuation of work in progress in the previous year, staged a £3m turnaround to profits of £2m in the latest period.

But management, which has been changed in both the troubled regions, played a full role in the recovery. The steady march of the group southward - it now wins 51 per cent of its business in the North-west compared with 90 per cent five years ago - means it is charging more for its houses, while the mix is moving upmarket in the North as well. Last year's £24.5m deferred acquisition from English China Clays in the South-west made a profitable first-time contribution and has already met half this year's budgeted sales in the first quarter.

But management really showed through in the £24.5m operating cash inflow last year, reversing a £4.8m outflow, and in gross margins lifted from 15.8 to 18.3 per cent. That broke through 19 per cent in the second half and probably has further to go. Meanwhile, the order book is strong and the housing market recovery is trickling north.

Profit forecasts raised to £10.5m would put the shares at 150.5p on a forward price-earnings ratio of 13. Reasonable value, although the market is tight with Mr Ainscough and fellow director and leisure mogul Trevor Hemmings sitting on approaching 50 per cent of the equity.

Bid battle looms as rival groups stalk T&N

Andrew Yates

T&N, the car parts supplier, was at the centre of bid speculation yesterday with City analysts suggesting an American bidder might make a £1bn strike.

T&N shares rose 20p at one point to 166p before slipping back to 159p. "Even at this price, after the rise in the share price, T&N looks like a sitting duck," says Robert Speed, engineering analyst with Henderson Crosthwaite.

It is thought that US motor parts groups Dana Corporation and Federal Mogul are considering taking a joint £1bn bid. T&N is currently valued at £883m. But any bidder may be forced to go higher. "The shares are worth upwards of 200p before adding in any bid premium," says Mr Speed.

Analysts said T&N's UK rivals GKN, BBA and another US motor group Allied-Signal, may also join the bidding race, forcing the asking price higher. One industry source suggested that T&N had held informal talks with several suitors. But T&N refused comment.

Chairman Sir Colin Hope has turned T&N into one of the world's leading car components groups over the last few years.

GKN has already shown its interest in parts of T&N, tabling a £220m bid for its metallurgy business. Similarly BBA and Allied were believed to have joined forces to mount a £400m plus bid for Ferodo. T&N's friction business.

The car parts industry looks ripe for consolidation. It is suffering from over capacity and some of the smaller players have been squeezed by the car manufacturers. T&N announced in March that it would have to make 1,400 job cuts at a cost of £25m due to weak European car industries.

The first signs of consolidation came last year when Lucas teamed up with American rival Varta last year. BBA tried to block the bid and is thought to be keen to bag another acquisition as soon as possible.

T&N itself is trying to expand internationally. It is persevering in its long-running attempt to buy German piston manufacturer Kolbenschmidt, although

its attempts have been held up by the local competition authorities.

T&N has only recently become the subject of bid speculation after coming up with an innovative solution to cap outstanding liabilities arising from when, as Turner & Newall, it was one of the largest asbestos producers in the world. It still has to pay up to £323m to cover any future legal claims, but any further payments will be covered by an insurance policy.

An US court is still considering a T&N appeal to uphold a class action against it called the Georgine settlement.

If the class action is permitted it will in effect help to cap T&N's US liabilities. Analysts estimate it would wipe up to £120m off any future claims. A ruling is expected as early as this week.

T&N's share price climbed sharply after it secured the insurance deal which capped its asbestos liabilities. But since then its value has slumped alarmingly, and it has severely underperformed the stock market.

Plysu expands into Spain

Cathy Newman

Plysu, the plastic containers group, has made the first of a series of planned acquisitions in Spain with the £4.25m purchase of Iplast, a company which makes bottles for olive oil.

Buying Iplast, which is based in Andalusia, would enable Plysu to exploit opportunities in the liquid food packaging market in Spain, the company said yesterday.

David O'Shaughnessy, Plysu's chairman, said "further carefully targeted acquisitions" were planned following the formation of the company's Spanish division. Plysu Envasas Alimentarios. Iplast is expected to make a profit before interest and tax of 210 million pesetas (£900,000) this year.

Announcing a 35 per cent increase in pre-tax profits to £9.3m for the year to the end of March, Mr O'Shaughnessy said the strength of sterling had depressed profits by around £500,000. He warned that, although performance in the UK had "significantly improved", the economic and political situations in France and Germany were likely to hinder future growth.

Warning wipes £73m off Psion

Magnus Grimond

Shares in Psion crashed 97.5p to 407.5p yesterday, wiping £73m off the computer group's market value, after it warned that trading had been hit in advance of the launch of its new state of the art Series 5 computer.

The group also cited the further weakening of the German mark, in which the group invoices 40 per cent of its sales, as hitting margins. Analysts sliced around a quarter from their profit forecasts for the current year following the warning. It comes just days after Logica, another British computer services group, saw its shares dive and analysts trim their forecasts in the wake of its announcement that it would be hit by the strong pound and difficulties in recruiting extra staff.

Launching the Series 5 yesterday, David Potter, chairman, said there had been a slowdown in Series 3 sales in May and June as distributors anticipated the arrival of the new product, while the cheaper Siena had also been disappointing.

In these circumstances, the performance of the group will be affected until the Series 5 becomes established in its markets. However, with encouraging

orders for the Series 5, we look forward with confidence."

Marina Wyatt, who took over as finance director in October, said the market had overreacted. The share price, which has been run up from 400p at the end of April to a recent peak of 509p, had started to move after the group announced a big licensing deal for its new EPOC32 operating system at the beginning of May and press leaks about the Series 5.

She said yesterday's statement was consistent with what the company had been saying all through the year. The only new factor was sales, which had been "well ahead" of the previous year but slowed down "fairly significantly" in May and June. "I would say, however, that sales are still well ahead of the previous year," she added.

While the new 32-bit Series 5 was well received by analysts, they cut their profit forecasts for the current year to December from as high as £24m to as low as £16.5m, which would only be just ahead of last year's £16m. Keith Woolcock of Merrill Lynch said a speculative bubble had built up in the share price, but he cautioned that Psion had stumbled in previous years when it launched new products.

Company Results

	Turnover £	Pre-tax £	EPS	Dividend
Alkerm (I)	9.54m (12.1m)	0.22m (+0.15m)	5.4p (+4.1p)	0.8p (0.9p)
British Steel (F)	7.22m (7.05m)	451m (1.1m)	15.22p (38.28m)	10p (10p)
Dalhousie Engineering (I)	12.3m (12.9m)	1.04m (0.89m)	3.8p (4.2p)	1p (-)
Falkirk Group (F)	22.6m (13.9m)	3.29m (+1.52m)	8.05p (+7.75p)	nil (-)
Fell Circle India (F)	18.7m (7.3m)	2.53m (+0.85m)	2.44p (+0.82p)	0.1p (0.1p)
Ham Wire (F)	20.9m (19.1m)	3.04m (3.5m)	6.57p (10.7p)	4p (3.5p)
London Industrial (F)	17.1m (14.0m)	4.83m (4.16m)	24.7p (21.3p)	15p (13p)
London Scottish Bank (F)	- (-)	4.31m (4.30m)	2.6p (2.5p)	0.975p (0.85p)
Megawatt (F)	6.73m (1.84m)	1.61m (0.21m)	2.01p (0.73p)	0.2p (-)
Plysu (F)	13.4m (12.8m)	9.3m (6.9m)	12.5p (9.5p)	7.75p (7.35p)
Salisbury Estates (F)	- (-)	3.48m (2.47m)	6.9p (7.2p)	nil (-)
Sterling Inds (F)	73.0m (65.0m)	0.41m (8.1m)	20.58p (18.69p)	10p (-)
Wainhomes (F)	106m (96.0m)	6.7m (2.1m)	7.1p (2p)	4.75p (4.5p)
Wyndham Properties (F)	- (-)	0.36m (0.37m)	0.7p (10.3p)	5p (4.5p)

(F) - Final (I) - Interim

Abbey National pursues Cater

Abbey National has emerged as the mystery suitor for Cater Allen in a bid that could value the former discount house at up to £200m. The bank, which was only recently linked to high-street rival NatWest, said it would make a further announcement soon.

Cater Allen's shares soared earlier this month by more than 100p to 562p after the company said it was in talks that might lead to a bid. The shares closed 2.5p lower yesterday at 547.5p.

Apart from its traditional role as a discount house - essentially a go-between for the Bank of England and the big clearing banks - Cater Allen has a successful offshore investment operation in Jersey.

It also owes CaterDeal, the execution-only broker it bought in 1995 for £7.25m.

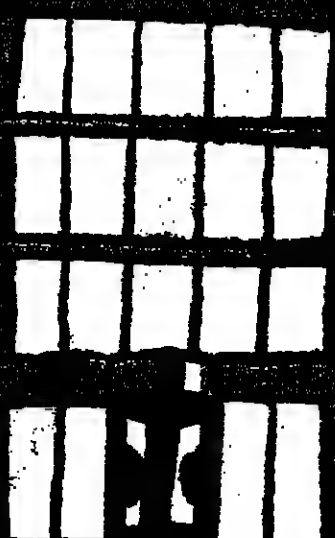
Earlier this year it bought Aitken Campbell, the Glasgow market-making offshoot of Union, and said it planned to integrate the firm with its own

broking business. The proposed sale of Cater Allen comes after the discount houses lost their exclusive right to act as broker between the Bank of England and the commercial banks, a role Cater has fulfilled since 1815.

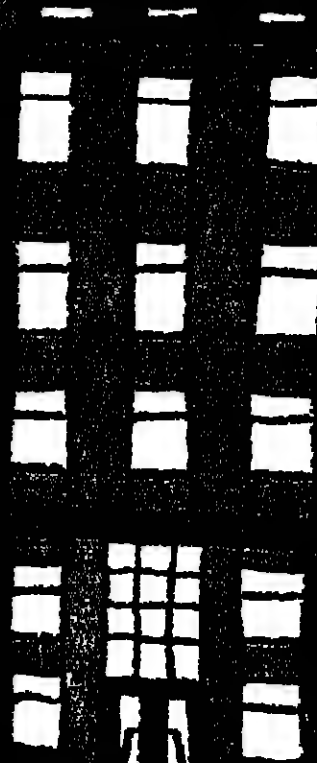
Cater has struggled to deal with interest-rate movements and profits for the six months to October showed a 40 per cent fall to £5.4m after the firm was caught out by a surprise increase in rates.



30 minutes



100 minutes



200 minutes

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Westminster leaks dampen Footsie's record high

Taking Stock

Share spotlight

share price, pence

Bluebird Toys

JANUARY MARCH

At one time Footsie was down 47.6. A mixed New York display and a little late bargain

The NaiWest setback undermined confidence among the hitherto high-flying banking contingent with Abbey Na-

Shell remained in demand, up 18.5p to 1,277.5p, and Rio Tinto scored again on the

London Bridge Software put its shares on 12p to 332.5p. The group specialising in credit management systems, came to market at 200p in March. It said it was hoping to clinch an acquisition

T&N, the vehicle components group, was at one time up 28p on takeover speculation. The price closed at 159p, up 21p. Reports of £1bn joint bid from US groups Dana and

Dean Corporation added 15p to 14.5p after announcing orders totalling £7.2m.

There is talk it will soon attract a bid, possibly from water company.

a

[illegible][illegible]

2007	High	Low	Stock	Price	Chg.	Real
Index-linked						
100%	100.00	100.00	100.00	100%	0.00	2.71
90%	90.00	90.00	90.00	90%	0.00	2.55
80%	80.00	80.00	80.00	80%	0.00	2.40
70%	70.00	70.00	70.00	70%	0.00	2.25
60%	60.00	60.00	60.00	60%	0.00	2.10
50%	50.00	50.00	50.00	50%	0.00	1.95
40%	40.00	40.00	40.00	40%	0.00	1.80
30%	30.00	30.00	30.00	30%	0.00	1.65
20%	20.00	20.00	20.00	20%	0.00	1.50
10%	10.00	10.00	10.00	10%	0.00	1.35
0%	0.00	0.00	0.00	0%	0.00	1.20
Undated						
54%	40%	Com	4%	54%	+	

Year	Govt	Lib	Lab	Cons	Other	Govt
1950	53%	31%	10%	5%	1%	53%
1955	53%	31%	10%	5%	1%	53%
1960	53%	31%	10%	5%	1%	53%
1965	53%	31%	10%	5%	1%	53%
1970	53%	31%	10%	5%	1%	53%
1975	53%	31%	10%	5%	1%	53%
1980	53%	31%	10%	5%	1%	53%
1985	53%	31%	10%	5%	1%	53%
1990	53%	31%	10%	5%	1%	53%
1995	53%	31%	10%	5%	1%	53%
2000	53%	31%	10%	5%	1%	53%
2005	53%	31%	10%	5%	1%	53%
2010	53%	31%	10%	5%	1%	53%
2015	53%	31%	10%	5%	1%	53%
2020	53%	31%	10%	5%	1%	53%
2025	53%	31%	10%	5%	1%	53%
2030	53%	31%	10%	5%	1%	53%
2035	53%	31%	10%	5%	1%	53%
2040	53%	31%	10%	5%	1%	53%
2045	53%	31%	10%	5%	1%	53%
2050	53%	31%	10%	5%	1%	53%
2055	53%	31%	10%	5%	1%	53%
2060	53%	31%	10%	5%	1%	53%
2065	53%	31%	10%	5%	1%	53%
2070	53%	31%	10%	5%	1%	53%
2075	53%	31%	10%	5%	1%	53%
2080	53%	31%	10%	5%	1%	53%
2085	53%	31%	10%	5%	1%	53%
2090	53%	31%	10%	5%	1%	53%
2095	53%	31%	10%	5%	1%	53%
2100	53%	31%	10%	5%	1%	53%

Interest Securities						
Index Code	1987			Yield	Price	Chg
	High	Low	Stock			
1002	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1004	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1006	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1008	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1010	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1012	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1014	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1016	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1018	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1020	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1022	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1024	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1026	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1028	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1030	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1032	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1034	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1036	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1038	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
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1310	100 1/2	100 1/8	100 1/4	100 1/4	100 1/4	0
1312	100 1/2	100 1/8	100 1/4			

		2007			
	Index	High	Low	Stock	Price Chg
94	1283	107 1/2	107 1/4	7.4%	0.04 +
95	1342	122 1/2	123 1/4	11.4%	0.03 -
		111 1/2	109 1/2	12.8%	0.17 +
96		107 1/2	107 1/4	7.4%	0.04 +
97	1344	107 1/2	107 1/4	7.4%	0.04 +
98	1345	107 1/2	107 1/4	7.4%	0.04 +
99	1346	107 1/2	107 1/4	7.4%	0.04 +
100	1347	107 1/2	107 1/4	7.4%	0.04 +
101	1348	107 1/2	107 1/4	7.4%	0.04 +
102	1349	107 1/2	107 1/4	7.4%	0.04 +
103	1350	107 1/2	107 1/4	7.4%	0.04 +
104	1351	107 1/2	107 1/4	7.4%	0.04 +
105	1352	107 1/2	107 1/4	7.4%	0.04 +
106	1353	107 1/2	107 1/4	7.4%	0.04 +
107	1354	107 1/2	107 1/4	7.4%	0.04 +
108	1355	107 1/2	107 1/4	7.4%	0.04 +
109	1356	107 1/2	107 1/4	7.4%	0.04 +
110	1357	107 1/2	107 1/4	7.4%	0.04 +
111	1358	107 1/2	107 1/4	7.4%	0.04 +
112	1359	107 1/2	107 1/4	7.4%	0.04 +
113	1360	107 1/2	107 1/4	7.4%	0.04 +
114	1361	107 1/2	107 1/4	7.4%	0.04 +
115	1362	107 1/2	107 1/4	7.4%	0.04 +
116	1363	107 1/2	107 1/4	7.4%	0.04 +
117	1364	107 1/2	107 1/4	7.4%	0.04 +
118	1365	107 1/2	107 1/4	7.4%	0.04 +
119	1366	107 1/2	107 1/4	7.4%	0.04 +
120	1367	107 1/2	107 1/4	7.4%	0.04 +
121	1368	107 1/2	107 1/4	7.4%	0.04 +
122	1369	107 1/2	107 1/4	7.4%	0.04 +
123	1370	107 1/2	107 1/4	7.4%	0.04 +
124	1371	107 1/2	107 1/4	7.4%	0.04 +
125	1372	107 1/2	107 1/4	7.4%	0.04 +
126	1373	107 1/2	107 1/4	7.4%	0.04 +
127	1374	107 1/2	107 1/4	7.4%	0.04 +
128	1375	107 1/2	107 1/4	7.4%	0.04 +
129	1376	107 1/2	107 1/4	7.4%	0.04 +
130	1377	107 1/2	107 1/4	7.4%	0.04 +
131	1378	107 1/2	107 1/4	7.4%	0.04 +
132	1379	107 1/2	107 1/4	7.4%	0.04 +
133	1380	107 1/2	107 1/4	7.4%	0.04 +
134	1381	107 1/2	107 1/4	7.4%	0.04 +
135	1382	107 1/2	107 1/4	7.4%	0.04 +
136	1383	107 1/2	107 1/4	7.4%	0.04 +
137	1384	107 1/2	107 1/4	7.4%	0.04 +
138	1385	107 1/2	107 1/4	7.4%	0.04 +
139	1386	107 1/2	107 1/4	7.4%	0.04 +
140	1387	107 1/2	107 1/4	7.4%	0.04 +
141	1388	107 1/2	107 1/4	7.4%	0.04 +
142	1389	107 1/2	107 1/4	7.4%	0.04 +
143	1390	107 1/2	107 1/4	7.4%	0.04 +
144	1391	107 1/2	107 1/4	7.4%	0.04 +
145	1392	107 1/2	107 1/4	7.4%	0.04 +
146	1393	107 1/2	107 1/4	7.4%	0.04 +
147	1394	107 1/2	107 1/4	7.4%	0.04 +
148	1395	107 1/2	107 1/4	7.4%	0.04 +
149	1396	107 1/2	107 1/4	7.4%	0.04 +
150	1397	107 1/2	107 1/4	7.4%	0.04 +
151	1398	107 1/2	107 1/4	7.4%	0.04 +
152	1399	107 1/2	107 1/4	7.4%	0.04 +
153	1400	107 1/2	107 1/4	7.4%	0.04 +
154	1401	107 1/2	107 1/4	7.4%	0.

[illegible][illegible]

100

[illegible]

Government Securities										
1997					1999					
	High	Low	Stoch	Pctns Chg	Ref	High	Low	Stoch	Pctns Chg	Ref
95	43 1/8	42 1/8	Low Ltr 3 1/8	40 1/8	1502	10 1/8	10 1/8	7 1/8	10 1/8	874
96	41 1/8	40 1/8	40 1/8	39 1/8	1501	10 1/8	10 1/8	7 1/8	10 1/8	874
97	39 1/8	38 1/8	38 1/8	37 1/8	1500	10 1/8	10 1/8	7 1/8	10 1/8	874
98	37 1/8	36 1/8	36 1/8	35 1/8	1499	10 1/8	10 1/8	7 1/8	10 1/8	874
99	35 1/8	34 1/8	34 1/8	33 1/8	1498	10 1/8	10 1/8	7 1/8	10 1/8	874
00	33 1/8	32 1/8	32 1/8	31 1/8	1497	10 1/8	10 1/8	7 1/8	10 1/8	874
01	31 1/8	30 1/8	30 1/8	29 1/8	1496	10 1/8	10 1/8	7 1/8	10 1/8	874
02	29 1/8	28 1/8	28 1/8	27 1/8	1495	10 1/8	10 1/8	7 1/8	10 1/8	874
03	27 1/8	26 1/8	26 1/8	25 1/8	1494	10 1/8	10 1/8	7 1/8	10 1/8	874
04	25 1/8	24 1/8	24 1/8	23 1/8	1493	10 1/8	10 1/8	7 1/8	10 1/8	874
05	23 1/8	22 1/8	22 1/8	21 1/8	1492	10 1/8	10 1/8	7 1/8	10 1/8	874
06	21 1/8	20 1/8	20 1/8	19 1/8	1491	10 1/8	10 1/8	7 1/8	10 1/8	874
07	19 1/8	18 1/8	18 1/8	17 1/8	1490	10 1/8	10 1/8	7 1/8	10 1/8	874
08	17 1/8	16 1/8	16 1/8	15 1/8	1489	10 1/8	10 1/8	7 1/8	10 1/8	874
09	15 1/8	14 1/8	14 1/8	13 1/8	1488	10 1/8	10 1/8	7 1/8	10 1/8	874
10	13 1/8	12 1/8	12 1/8	11 1/8	1487	10 1/8	10 1/8	7 1/8	10 1/8	874
11	11 1/8	10 1/8	10 1/8	9 1/8	1486	10 1/8	10 1/8	7 1/8	10 1/8	874
12	9 1/8	8 1/8	8 1/8	7 1/8	1485	10 1/8	10 1/8	7 1/8	10 1/8	874
13	7 1/8	6 1/8	6 1/8	5 1/8	1484	10 1/8	10 1/8	7 1/8	10 1/8	874
14	5 1/8	4 1/8	4 1/8	3 1/8	1483	10 1/8	10 1/8	7 1/8	10 1/8	874
15	3 1/8	2 1/8	2 1/8	1 1/8	1482	10 1/8	10 1/8	7 1/8	10 1/8	874
16	1 1/8	0 1/8	0 1/8	0 1/8	1481	10 1/8	10 1/8	7 1/8	10 1/8	874
17	0 1/8	0 1/8	0 1/8	0 1/8	1480	10 1/8	10 1/8	7 1/8	10 1/8	874
18	0 1/8	0 1/8	0 1/8	0 1/8	1479	10 1/8	10 1/8	7 1/8	10 1/8	874
19	0 1/8	0 1/8	0 1/8	0 1/8	1478	10 1/8	10 1/8	7 1/8	10 1/8	874
20	0 1/8	0 1/8	0 1/8	0 1/8	1477	10 1/8	10 1/8	7 1/8	10 1/8	874
21	0 1/8	0 1/8	0 1/8	0 1/8	1476	10 1/8	10 1/8	7 1/8	10 1/8	874
22	0 1/8	0 1/8	0 1/8	0 1/8	1475	10 1/8	10 1/8	7 1/8	10 1/8	874
23	0 1/8	0 1/8	0 1/8	0 1/8	1474	10 1/8	10 1/8	7 1/8	10 1/8	874
24	0 1/8	0 1/8	0 1/8	0 1/8	1473	10 1/8	10 1/8	7 1/8	10 1/8	874
25	0 1/8	0 1/8	0 1/8	0 1/8	1472	10 1/8	10 1/8	7 1/8	10 1/8	874

[illegible]


1997		High	Low	Stock	Pawn	Chg	Real	Ytd
12/1	12/1						Rate	Index
12/1	12/1	75.74	75.74	104.4	+		7055	3500
12/2	12/2	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1	75.74	75.74	104.4	+		7055	3500
10/1	9/1	75.74	75.74	104.4	+		7055	3500
9/1	8/1	75.74	75.74	104.4	+		7055	3500
8/1	7/1	75.74	75.74	104.4	+		7055	3500
7/1	6/1	75.74	75.74	104.4	+		7055	3500
6/1	5/1	75.74	75.74	104.4	+		7055	3500
5/1	4/1	75.74	75.74	104.4	+		7055	3500
4/1	3/1	75.74	75.74	104.4	+		7055	3500
3/1	2/1	75.74	75.74	104.4	+		7055	3500
2/1	1/1	75.74	75.74	104.4	+		7055	3500
1/1	12/1	75.74	75.74	104.4	+		7055	3500
12/1	11/1	75.74	75.74	104.4	+		7055	3500
11/1	10/1							

[illegible][illegible]

BACCOS			
	1979	1978	1977
100	100	100	100
101	100	100	100
102	100	100	100
103	100	100	100
104	100	100	100
105	100	100	100
106	100	100	100
107	100	100	100
108	100	100	100
109	100	100	100
110	100	100	100
111	100	100	100
112	100	100	100
113	100	100	100
114	100	100	100
115	100	100	100
116	100	100	100
117	100	100	100
118	100	100	100
119	100	100	100
120	100	100	100
121	100	100	100
122	100	100	100
123	100	100	100
124	100	100	100
125	100	100	100
126	100	100	100
127	100	100	100
128	100	100	100
129	100	100	100
130	100	100	100
131	100	100	100
132	100	100	100
133	100	100	100
134	100	100	100
135	100	100	100
136	100	100	100
137	100	100	100
138	100	100	100
139	100	100	100
140	100	100	100
141	100	100	100
142	100	100	100
143	100	100	100
144	100	100	100
145	100	100	100
146	100	100	100
147	100	100	100
148	100	100	100
149	100	100	100
150	100	100	100
151	100	100	100
152	100	100	100
153	100	100	100
154	100	100	100
155	100	100	100
156	100	100	100
157	100	100	100
158	100	100	100
159	100	100	100
160	100	100	100
161	100	100	100
162	100	100	100
163	100	100	100
164	100	100	100
165	100	100	100
166	100	100	100
167	100	100	100
168	100	100	100
169	100	100	100
170	100	100	100
171	100	100	100
172	100	100	100
173	100	100	100
174	100	100	100
175	100	100	100
176	100	100	100
177	100	100	100
178	100	100	100
179	100	100	100
180	100	100	100
181	100	100	100
182	100	100	100
183	100	100	100
184	100	100	100
185	100	100	100
186	100	100	100
187	100	100	100
188	100	100	100
189	100	100	100
190	100	100	100
191	100	100	100
192	100	100	100
193	100	100	100

Recent Issues		Price	Qtr
Los Angeles	750		
Pro Press	750		
Public Technology	750		

Recent Issues		Price	Qtr
Book	750		
ation Vill	750		
ension B	750	+1	
ublisher	2000	-1	
ment of Midland	750	-8	
inguard As Mergnt	750	-1	
l Research C Shanes	750		
Longbridge I&I	750		
ation Union Ltd	750		
Caribbean Group	750		
Group	750		
apps Title	750		
Security Group	750		



An alternative agenda for Europe's politicians



Hamish McRae
Our leaders do not regard the economic integration of Eastern Europe as adding to our comparative advantage in the world. It will, or at least, could do

Europe's political masters may be only half way through their two-day summit in Amsterdam but we know, don't we, pretty much what will happen. Short of some blazing open row, a possibility not to be entirely discounted, the patched-up compromise will keep the Maastricht process moving forward for a few months more. The communiqué with the various possible forms of words has long been written, and the real decision about Europe's future direction will be taken in about 18 months' time.

But it is frustrating for the rest of us, and even for the Foreign Secretary Robin Cook, to judge by recent speeches, to watch politicians talk and know that the words mean very little. There are so many issues which they could be talking about which matter crucially to the ability of the countries in the European time zone both to give a more fulfilling life to their citizens and to compete more effectively against countries in the American and East Asian time zones. So as an antidote to an overdose of Euro-waffle, try this list of half a dozen issues which do matter enormously to Europe's future and are not on the agenda in Amsterdam.

One. How can European countries plan for the region becoming the oldest in the world, bar Japan, by the end of the second decade of the next century? There is now, at last, an awareness of the implications of ageing populations on pay-as-you-go public pension systems, and a lot of good work is being done by the OECD on the impact on the tax burden, and both the last UK government and the present one have been working on the public pension side of it. But the rest of Europe has not and in any case this is only one aspect of the problem.

We need to think not just of the macro-economic implications but also the micro-

economic ones. What will the impact be on the education system? Or on the skill-base of workers? How do we build up a much better support system for the army of elderly? What does this mean for companies, for this is far from being an issue just for the public sector? In Japan the multiple problems of ageing are being analysed with great intensity. In Europe it hardly seems to be discussed.

Two. How does Europe create more new businesses? Of course, unemployment in the large continental countries has at last moved to the centre of the debate, and the UK is attempting to tackle its problem of long-term unemployment. But even more flexible labour markets, econo-speak for getting rid of rigid labour laws which discourage employers taking on more people, will not create

many job opportunities if Europe does not increase its rate of company creation. Britain does quite well by European standards on this measure, but it is world standards that matter. Europe as a whole has to do much better, learning from North America and East Asia.

Three. Leads on from this. Why is Europe not creating many high-technology businesses? Even Britain lags badly behind the US on this score, but for the large continental economies the problem is worse still. Is there something lacking in European education systems? A particular problem for Germany and to some extent France is that they may be keeping their clearest people in education too long. If people only get their first jobs in the second half of their 20s, rather than the first, they may be too old to want to take the risks of a hi-tech start-up.

Four. We have to look at the implications of a step-change in the level of self-employment. Bill Gates recently suggested that by 2050 half the workforce would be self-employed. Even if that is right, it might seem a long way off and many of us will not be around to worry. Nevertheless, if the trend towards self-employment continues (as it has in the UK), this has profound implications. Welfare policies are based round employment; there is not much point, for example, legislating for a minimum wage if half the work-force is self-employed.

Five. How do we incorporate the economies of the Eastern European zone into the Western European economic zone? This is a different issue from the political enlargement of the EU, which is near the top of the agenda. Before the First World War Europe was an integrated economy, and drew strength from the different skills and resources to the East. Now we tend to see Eastern Europe as either a market, a problem or even a threat. Individual companies can spot the contribu-

tion the region can make - for example using its skillful computer programmers to help fix the millennium bug. But our political leaders do not regard its economic integration as adding to Europe's comparative advantage in the world. It will, or at least it could do.

Finally, Europe has failed to see its cultural diversity as an economic opportunity. One of the most disturbing developments of the world economy (from a European point of view) has been the failure of Europe to provide any real competition to US popular culture. There are pockets of success. The UK does well to hold between 15 and 20 per cent of the pop music market, perhaps 30 per cent of the software for video games, and has been gaining a bit of ground in film. Sweden does well in pop music, too. But elsewhere exports of popular culture are pitiful. A generation ago stylish young Brits flocked to French movies. Now 80 per cent of cinema attendances in France are watching American.

This is dreadful. Britain may do quite well over the next 20 years in this field, but that does not help Europe as a whole much. Within the Continent there are enormous, and different, cultural resources. That difference ought to be a source of strength. Yet policy has tended to subsidise films people do not want to watch, or put quotas on US imports that they do. Instead of building on strength, we protect weakness.

Not subjects for Europe's politicians? Surely they should be. That is not a call for state intervention in, say, the French film industry, and certainly not for more Brussels bureaucracy. Rather it is to point out that European governments are not thinking about our Continent's comparative advantages and disadvantages in a systematic, orderly and disciplined way. Our own Prime Minister and Foreign Secretary understand all this, but the others?

How to become a millionaire before your first birthday

PEOPLE & BUSINESS



David Whelan: Made his grandson the richest baby in Britain

David Whelan, the no-nonsense chairman and founder of sports retailer JJB Sports, is gifting shares worth £23.5m to his four grandchildren. The donation, made together with his wife, will make grandson Paul, who is just two-and-a-half weeks old, the youngest millionaire in Britain. Laura aged 11, Matthew, aged nine and six-year-old David will also benefit.

"The move is designed to avoid inheritance tax. Mr Whelan is 60, and has been advised to make the donation," says Arwel Evans, financial controller at JJB. "Not that he is in poor health," he added hurriedly.

Finally the secret is out, the secret of why Gordon Brown's speeches are so similar to those of his predecessor as Chancellor of the Exchequer, Kenneth Clarke.

This has nothing to do with Labour's new-found conservatism, we can reveal, but everything to do with the fact that he has persisted since he took up his new position in using the same speech writer, a career civil servant called Samantha Beckett.

She has written both of the last two Mansion house speeches, and while it would be ridiculous to suggest this 30-something high-flier has any influence on policy, she possibly does have something to do with the similarly considered tone and the semantics.

Unfortunately our Ken is too busy on the campaign trail to comment on her pedigree, but Treasury insiders describe her as an entirely apolitical animal, "very clever, very treasury, very New Labour actually".

The finalists of the Reuters City golf open have been let down badly by the weather. Twenty-two City golfers, who were taking part in the event to raise money for the Teenage Cancer Trust, flew to the Bahamas for the final stages at the end of May.

They were the lucky ones of 400 entrants who had each paid a £200 entry fee. Usually, Paradise Island basks in seven-and-a-half hours of sunshine every day in June so there was much packing of suntan lotion and floppy hats.

Sadly, broileries would have been more in order. There was only a few hours of sun but quite a bit of rain. The golfers entertained themselves at the local tennis bowling alley and, more predictably, at the local casino instead. Eventually, Keiichi Hirano and Hiroshi Nakano of Yamaichi pipped Kenny McBride and Andre Katz of Deutsche Morgan

Greentell to win the tournament. And £62,000 was raised for charity.

A new tool for picking shares has emerged from an unexpected quarter. This one does not involve astrology or dart boards, but selects its losers and winners from the number of unfavourable or favourable mentions in the organs of the press.

PressWatch Quarterly, which coincidentally makes a living keeping track of the fortunes of 1,501 companies in the columns of the media, thunders authoritatively: "Companies that score consistently badly in PressWatch often eventually lose their independence or have to reorganise themselves drastically." It cites Ratners, Trafalgar House and British Gas as examples of those who have fallen to the jinx of the press.

The latest to be given the black spot is Scottish Amicable, which saw its rating slump from 47 to a negative 2,257 points, the worst of any company in the latest quarter as it succumbed to a bid from the Pru.

Other duffers include Sears and, surprise, surprise, NatWest Group.

The winners' enclosure includes Tesco and Garmore, the NatWest fund management arm, but the bad news is that recent high fliers Stagecoach and Halifax are also there holding up the bottom of the table - so don't say you weren't warned.

News has arrived of the appointment of Philip Rogerson, deputy chairman of BG (the old name for British Gas) as "non-executive deputy chairman designate" of Aggreko, the generator hire company soon to be demerged from the Christian Salvesen transport group.

Best known for his description of gas regulator Clare Spottiswoode's review of the gas business as "one of the biggest smash-and-grab raids ever", he should find Aggreko rather restful, even if it is not the big chairmanship he is said to be seeking.

The little local difficulties experienced recently by Salvesen with former chairman Sir Gerald Elliott will be as nothing to the travails of British Gas, but he will no doubt still be able to put his unrivalled expertise in handling disgruntled shareholders to good use.

Sterling					Dollar					D-Mark				
Country	Spot	1 month	3 months	Spot	Country	Spot	1 month	3 months	Spot	Country	Spot	1 month	3 months	Spot
US	1.6333	12.11	38.25	100	UK	0.7578			0.7578	France	1.3662			1.3662
Canada	2.2631	65.60	381.72	129.43	Germany	2.2631	65.60	381.72	129.43	Italy	1.3662			1.3662
Japan	165.58	108.14	301.34	103.46	Spain	165.58	108.14	301.34	103.46	Netherlands	165.58	108.14	301.34	103.46
Sweden	1.3662			1.3662	Belgium	1.3662			1.3662	Denmark	1.3662			1.3662
Norway	1.3662			1.3662	Australia	1.3662			1.3662	New Zealand	1.3662			1.3662
South Africa	1.3662			1.3662	Hong Kong	1.3662			1.3662	Singapore	1.3662			1.3662

Interest Rates					Bond Yields				
Country	Rate	Country	Rate	Country	Rate	Country	Rate	Country	Rate
UK	6.50%	France	5.50%	Germany	5.50%	US	5.50%	Japan	5.50%
Canada	5.50%	Italy	5.50%	Spain	5.50%	Sweden	5.50%	Netherlands	5.50%
Belgium	5.50%	Australia	5.50%	New Zealand	5.50%	South Africa	5.50%	Hong Kong	5.50%
Singapore	5.50%	Switzerland	5.50%	Denmark	5.50%	Norway	5.50%	Finland	5.50%

Liffe Financial Futures					Liffe FTSE 100 Index Option				
Contract	Settlement	High/Low	Open	Close	Contract	Settlement	High/Low	Open	Close
Long	114.72	114.72	114.72	114.72	Call	4747	4747	4747	4747
Short	114.72	114.72	114.72	114.72	Put	4747	4747	4747	4747
Gold	114.72	114.72	114.72	114.72	Call	4747	4747	4747	4747
Silver	114.72	114.72	114.72	114.72	Put	4747	4747	4747	4747

Industrial Metals					Precious Metals				
Commodity	Price	Commodity	Price	Commodity	Price	Commodity	Price	Commodity	Price
Aluminum	1596.0-57.0	Gold	382.00	Platinum	203.00	Palladium	203.00	Silver	311.50
Copper	267.0-0.0	Silver	311.50	Palladium	203.00	Palladium	203.00	Silver	311.50
Lead	825.0-0.0	Palladium	203.00	Palladium	203.00	Palladium	203.00	Silver	311.50
Zinc	1347.5-46.5	Silver	311.50	Palladium	203.00	Palladium	203.00	Silver	311.50

Other Spot Rates					Money Market Rates				
Country	Rate	Country	Rate	Country	Rate	Country	Rate	Country	Rate
Argentina	16378	France	5.50%	UK	6.50%	US	5.50%	Japan	5.50%
Australia	16378	Germany	5.50%	Canada	5.50%	Sweden	5.50%	Netherlands	5.50%
Belgium	16378	Italy	5.50%	Spain	5.50%	Denmark	5.50%	Norway	5.50%
Canada	16378	Japan	5.50%	Finland	5.50%	Sweden	5.50%	Netherlands	5.50%

Tourist Rates					Commodity Indices				
Country	Rate	Country	Rate	Country	Rate	Country	Rate	Country	Rate
US	1.6333	France	1.3662	Germany	1.3662	UK	0.7578	Japan	165.58
Canada	2.2631	Italy	1.3662	Spain	1.3662	Sweden	1.3662	Netherlands	1.3662
Belgium	1.3662	Australia	1.3662	New Zealand	1.3662	South Africa	1.3662	Hong Kong	1.3662

Latest Unit Trust Prices					Commodity Indices				
Unit Trust	Price	Unit Trust	Price	Unit Trust	Price	Unit Trust	Price	Unit Trust	Price
FTSE 100	4747	FTSE 100	4747	FTSE 100	4747	FTSE 100	4747	FTSE 100	4747
FTSE 100	4747	FTSE 100	4747	FTSE 100	4747	FTSE 100	4747	FTSE 100	4747
FTSE 100	4747	FTSE 100	4747	FTSE 100	4747	FTSE 100	4747	FTSE 100	4747

Other Softs					Commodity Indices				
Commodity	Price	Commodity	Price	Commodity	Price	Commodity	Price	Commodity	Price
Wheat	114.72	Soybeans	114.72	Corn	114.72	Wheat	114.72	Soybeans	114.72
Wheat	114.72	Soybeans	114.72	Corn	114.72	Wheat	114.72	Soybeans	114.72
Wheat	114.72	Soybeans	114.72	Corn	114.72	Wheat	114.72	Soybeans	114.72

ASIA PACIFIC					EUROPE				
Company	Price	Company	Price	Company	Price	Company	Price	Company	Price
ASIA PACIFIC	1.6333	EUROPE	1.3662	EUROPE	1.3662	EUROPE	1.3662	EUROPE	1.3662
ASIA PACIFIC	1.6333	EUROPE	1.3662	EUROPE	1.3662	EUROPE	1.3662	EUROPE	1.3662
ASIA PACIFIC	1.6333	EUROPE	1.3662	EUROPE	1.3662	EUROPE	1.3662	EUROPE	1.3662

EUROPE					EUROPE				
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EUROPE					EUROPE				
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EUROPE				EUROPE			
Company	Price	Company	Price	Company	Price	Company	Price
Standard Life Fund Managers Ltd	52.00	52.00	1.11	Standard Life Fund Managers Ltd	52.00	52.00	1.11
Capital Assurance plc	52.00	52.00	1.11	Capital Assurance plc	52.00	52.00	1.11
Capital Assurance plc	52.00	52.00	1.11	Capital Assurance plc	52.00	52.00	1.11
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sport

Complete FA Carling Premiership and National

AUGUST

Saturday 9 August

FA CARLING PREMIERSHIP

Barnsley v West Ham
Blackburn v Derby
Coventry v Chelsea
Everton v Crystal Palace
Leeds v Arsenal
Leicester v Aston Villa
Newcastle v Sheffield Wed
Southampton v Bolton
Tottenham v Manchester Utd
Wimbledon v Liverpool

NATIONWIDE FOOTBALL LEAGUE

FIRST DIVISION

Birmingham v Stoke
Bradford v Stockport
Bury v Reading
Manchester City v Portsmouth
Middlesbrough v Charlton
Norwich v Wolves
Oxford Utd v Huddersfield
Port Vale v Nottingham Forest
QPR v Ipswich
Sheffield Utd v Sunderland
Swindon v Crewe
West Brom v Tranmere

NATIONWIDE FOOTBALL LEAGUE

SECOND DIVISION

Blackpool v Luton
Bristol Rovers v Plymouth
Chesterfield v Walsall
Fulham v Walsingham
Gillingham v Preston
Grimsby v Bristol City
Millwall v Brentford
Northampton v Bournemouth
Oxford v York
Southend v Carlisle
Watford v Burnley
Wigan v Wycombe

NATIONWIDE FOOTBALL LEAGUE

THIRD DIVISION

Cheltenham v Lincoln
Colchester v Darlington
Exeter v Hartlepool
Leyton Orient v Cardiff
Macclesfield v Torquay
Mansfield v Hull
Notts County v Rochdale
Peterborough v Southport
Rotherham v Barnet
Scarborough v Cambridge Utd
Shrewsbury v Doncaster
Swansea v Brighton

Tuesday 12 August

PREMIERSHIP

Arsenal v Coventry
Crystal Palace v Barnsley

Wednesday 13 August

PREMIERSHIP

Aston Villa v Blackburn
Derby v Wimbledon
Liverpool v Leicester
Manchester Utd v Southampton
Sheffield Wed v Leeds
West Ham v Tottenham

Saturday 16 August

FIRST DIVISION

Charlton v Oxford Utd
Crewe v West Brom
Huddersfield v Birmingham
Ipswich v Middlesbrough
Nottingham Forest v Norwich
Preston v Port Vale
Reading v Swindon
Stockport v Bury
Stoke v Bradford
Sunderland v Manchester City
Tottenham v QPR
Wolves v Sheffield Utd

SECOND DIVISION

Bournemouth v Wigan
Brentford v Chesterfield
Bristol City v Blackpool
Bury v Gillingham
Cardiff v Watford
Luton v Southend
Plymouth v Grimsby
Preston v Millwall
Walsall v Fulham
Widowin v Oxford
Wycombe v Northampton
York v Bristol Rovers

THIRD DIVISION

Barnet v Exeter
Birmingham v Macclesfield
Cambridge Utd v Rotherham
Cardiff v Chester
Darlington v Swans
Doncaster v Peterborough
Hull v Notts County
Leeds v Shrewsbury
Luton v Rochdale
Reading v Leyton Orient
Torquay v Scarborough

Saturday 23 August

PREMIERSHIP

Leicester v Chelsea
Blackburn v Liverpool
Coventry v Bolton
Everton v West Ham
Leeds v Crystal Palace
Leicester v Manchester Utd
Newcastle v Aston Villa
Southampton v Arsenal
Tottenham v Derby
Wimbledon v Sheffield Wed

FIRST DIVISION

Birmingham v Reading
Bradford v Ipswich
Bury v Charlton
Barnsley v Tranmere
Middlesbrough v Stoke
Norwich v Crewe
Oxford Utd v Nottingham Forest
Port Vale v Sunderland
QPR v Blackpool
Sheffield Utd v Portsmouth
Swindon v Huddersfield
West Brom v Wolves

SECOND DIVISION

Blackpool v Wycombe
Bristol Rovers v Carlisle
Chesterfield v Preston
Fulham v Luton
Gillingham v Walsall
Grimsby v Northampton
Millwall v York
Northampton v Bristol City
Oxford v Bournemouth
Southend v Burnley
Sunderland v Bradford
Wigan v Plymouth

THIRD DIVISION

Cheltenham v Cambridge Utd
Colchester v Barnet
Exeter v Darlington
Leyton Orient v Rochdale
Macclesfield v Doncaster
Mansfield v Cardiff
Notts County v Lincoln
Peterborough v Hull
Rotherham v Mansfield
Scarborough v Brighton
Shrewsbury v Torquay
Swansea v Southport

Tuesday 26 August

PREMIERSHIP

Barnsley v Bolton
Blackburn v Sheffield Wed
Leeds v Liverpool
Wimbledon v Chelsea

Wednesday 27 August

PREMIERSHIP

Coventry v West Ham
Everton v Manchester Utd
Leicester v Arsenal
Southampton v Crystal Palace
Tottenham v Aston Villa

Saturday 30 August

PREMIERSHIP

Arsenal v Tottenham



Boiton Wanderers, whose futuristic Reebok Stadium (above) is taking impressive shape, are one of five clubs for whom the phrase "building for the future" has assumed a meaning beyond the traditional close-season platitudes,

writes Phil Shaw. Having vacated Burnley Park as First Division champions, Bolton inaugurate their new 25,000-capacity home against Everton on 30 August. Derby's more romantically named Pride Park Stadium has risen on an inner-city site. Its initial capacity will be 30,000, with Wimbledon the first visitors on 13 August. Stoke's 28,000-seat Britannia Stadium will be situated on the new Stanley Matthews Way. After moving half a mile from the Victoria Ground, their home since 1878, Stoke receive Bradford on 16 August. On the same day Sunderland play host to Manchester City at the Wearmouth Stadium. Following a simultaneous exit from Roker Park and the Premiership, Peter Reid's side may have to repeat their promotion of two seasons ago if a 42,000 capacity is not to look wildly over-

ambitious. Oxford United are to quit the Manor Ground for a new 15,000 all-seater at Minchery Farm during the season, while Reading are preparing for their last campaign at Elm Park.

Photograph: Peter Jay

DECEMBER

Tuesday 2 December

PREMIERSHIP

Bolton v Newcastle

SECOND DIVISION

Bournemouth v York

THIRD DIVISION

Barnet v Darlington

Saturday 3 December

PREMIERSHIP

Aston Villa v Coventry

SECOND DIVISION

Blackburn v Walsall

THIRD DIVISION

Brighton v Notts County

Saturday 6 December

PREMIERSHIP

Blackburn v Bolton

SECOND DIVISION

Blackburn v Walsall

THIRD DIVISION

Brighton v Notts County

Saturday 15 November

FIRST DIVISION

Bradford v Tranmere

SECOND DIVISION

Bournemouth v Southend

THIRD DIVISION

Cardiff v Chester

Saturday 18 November

FIRST DIVISION

Birmingham v Huddersfield

SECOND DIVISION

Bournemouth v Southend

THIRD DIVISION

Cardiff v Chester

Saturday 22 November

PREMIERSHIP

Aston Villa v Everton

SECOND DIVISION

Blackburn v Walsall

THIRD DIVISION

Brighton v Notts County

Saturday 25 November

PREMIERSHIP

Blackburn v Bolton

SECOND DIVISION

Blackburn v Walsall

THIRD DIVISION

Brighton v Notts County

Saturday 29 November

PREMIERSHIP

Blackburn v Bolton

SECOND DIVISION

Blackburn v Walsall

THIRD DIVISION

Brighton v Notts County

Saturday 3 December

PREMIERSHIP

Aston Villa v Coventry

SECOND DIVISION

Blackburn v Walsall

THIRD DIVISION

Brighton v Notts County

Saturday 6 December

PREMIERSHIP

Blackburn v Bolton

SECOND DIVISION

Blackburn v Walsall

THIRD DIVISION

Brighton v Notts County

Saturday 13 December

PREMIERSHIP

Blackburn v Bolton

SECOND DIVISION

Blackburn v Walsall

THIRD DIVISION

Brighton v Notts County

Saturday 17 December

PREMIERSHIP

Newcastle v Derby

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sport

Monty hopes patience will be rewarded

Andy Farrell, in Bethesda, finds a frustrated Scot generous in defeat

Tiger Woods, at 21 years and 24 weeks, yesterday officially became the youngest player ever to be ranked as the No.1 in the world, only a few hours after the US Open proved the Masters champion does not have to be involved for a championship to unfold with the requisite drama and tension.

Ernie Els was proclaimed as the "next god of golf" when he won the US Open at the age of 24 three years ago, and if he did not start winning every major under the sun, then who can? Woods, who finished tied for 19th at Congressional and despite all the hoopla at Augusta, won't either, but the pair can look forward to some mighty battles over the next decade and more.

Colin Montgomerie has already duelled with the South African and, apart from sneaking the Million Dollar Challenge at Sun City from under his nose last December, has usually come off second best. He lost to Els in a play-off at Oakmont in 1994 and in the final of the World Match Play the same year. On Sunday, Els, with a total of 276, four under par, beat the Scot by a single stroke.

In tears immediately afterwards, Montgomerie composed himself to pay tribute to his nemesis. "If I was ever going to lose this tournament again, I'll lose it to him," Montgomerie said. "I would like to congratulate Ernie. I have played a lot of golf with him over the last five years and I have only admiration for him. He's a wonderful chap, so I laid back it's frightening."

Montgomerie matched Els's final round of 69 and shared the lead for much of the back nine. The pair were playing together, just in front of Tom Lehman and Jeff Maggert, who hung around longer than some gave him credit for beforehand. It



It's all over: Ernie Els acknowledges victory in the US Open as the final putt drops while Colin Montgomerie (far left) feels yet more frustration

Photograph: Allsport

was a terrific four-way scrap, with Lehman, now third-second-third in the last three US Opens, falling one back by bogeying the 16th, and then finding the water with his approach to 17. "I would give anything in the world for a mulligan," said the Open champion. "It would have been a lot of fun going over the Royal Troon as a double champion."

The 17th, a brute of a par four at 480 yards played to a green protruding into the water, also saw Montgomerie's downfall.

While Els played the hole in level par for the week, the Scot bogged it on all four occasions, and twice on Sunday. With Els safely on the green, Montgomerie pushed his approach just into the thick rough. His chip was a good one, but he had to wait for a noisy crowd to settle before facing his six-foot putt, which went agonisingly close to falling in. "I have proved once again to myself, if I needed any proof, that I love this US Open," he said.

Montgomerie has now finished third and second twice in

the US Open and lost a play-off in the USPGA. "It's getting me down this major business," he said bluntly. "The more I go through every major not winning one, the next one I'm in contention, there is certainly more pressure involved."

"But if I knock at the door of ten enough, as I seem to be doing, especially in this tournament, the door will open one day. I just have to be patient. I believe this is the toughest one of them all, mentally, to win, and Ernie seems to have what it takes

to win. His nature helps him. There is a word called talent, and he has an abundance of it."

Said Els: "I hope for his sake, Colin wins a major. It was good playing with him. I knew he was going to play well, he is such a great player under pressure, and that if I could beat him, I would have a great chance to win. I've had a few close misses. When he beat me in the Million Dollar in front of my home crowd, that hurt."

"I didn't want to lose today. Maybe '94 came a bit quick, I

wasn't a major contender then. I said people would have to be patient, but maybe I wasn't patient with myself. This is a good feeling. I go into a different class now. I'm really going to enjoy this one."

Els's victory means there are consecutive winners of majors under 30 for the first time in a decade and he is the only current player under that age to hold two majors. Woods, who entered the world rankings only 42 weeks ago, will inevitably follow, but although he produced

more birdies than anyone, US Opens are not won with aggressive play.

His putting was not in the same class as Augusta, but as there, he "beat" Nick Faldo when they played together in the final round, 72 to 76. The group was warned for slow play and Faldo put the blame on the number of media following the group. Sorry for being interested. In truth, as soon as the leaders went off, Woods and Faldo paled into insignificance. Final scores, page 31

Henman wins but fails to convince

Tennis

GUY HODGSON

reports from Nottingham

It was just as well the All England Club recognised Tim Henman as a Wimbledon seed yesterday because no one else would have done. He said he had flowed for an hour at the Nottingham Open yesterday, which was not a unanimous opinion.

Henman defeated fellow-Briton Andrew Richardson 6-4, 6-7, 6-4 in a first-round match that lasted a shade under two hours but shade was the appropriate word. It was a patchy performance and one that would not convince you to put your faith on him to match last year's quarter-final appearance at Wimbledon, where he will be ranked 14th.

"I'd won 6-3, 6-3 as I should have done," he said, "I would have been very pleased but a win is a win."

Henman needs to strike a higher pitch urgently. Since returning from an operation on his elbow, he has lost in the first rounds of the Italian and French Opens, and the only opponent he has beaten is Richardson who is ranked 200 places below him — he beat him at Queen's last week.

Yesterday the result could easily have been reversed. Henman broke in the first and third games to take the first set in 29 minutes but when he missed three game points to break Richardson at 4-3, the belief dripped out of him. "Hit it," he shouted at himself at one point, a plea to his confidence to let him go through with his strokes.

The affirmative response came only when he broke his opponent in the ninth game of the deciding set. Ahead, he was released from his doubts and served to love to win the match.

If Henman is a seed of doubt then Marcelo Rios looks like an upset waiting to happen. The Chilean will go to Wimbledon as the ninth-ranked player but if the seedings committee had seen his performance yesterday then he would have been one they would have tossed by the wayside. To describe him as dreadful during his 6-4, 6-2 defeat by Kenneth Carlsen would be to flatter.

Rios took one look at the court and was immediately discouraged, describing grass as being only fit for "cows and playing soccer". He then said he was looking forward to playing at Wimbledon but with the forced expression of someone extolling the joys of visiting a dentist.

Carlos Moya, the top seed here, did little to inspire confidence either, going down 1-6, 7-6, 6-4 to Romania's Adrian Panu.

Grass holds no fears for Williams

Venus Williams will celebrate her 17th birthday today by facing her fellow American Chanda Rubin in the Direct Line Insurance Championships at Eastbourne. Williams came through the qualifying tournament with a 6-3, 6-4 win over Miho Saeki, of Japan, yesterday.

The confident Florida-based player, whose Wimbledon debut is next week, said: "I find playing on the grass no real problem. It seems to suit my game. My target this week, as always, will be to win the tournament. I always have a little acceptance speech prepared just in case."

Britain's 12th-ranked player, Jo Ward, who is No 351 in the world, beat Gloria Pizzichini, the No 86, 6-4, 3-6, 6-2, yesterday to qualify for Eastbourne, but must miss Wimbledon because she cannot now play in this week's qualifying event.

Drivers at risk from inexperienced marshals

Motor racing

DAVID TREMAYNE reports from Montreal

Three significant accidents in Sunday's Canadian Grand Prix here once again raised questions about safety in Formula One.

In the most serious, the French driver Olivier Panis sustained double fractures to both legs. In others, Ralf Schumacher struck a tyre wall at very high speed when his Jordan-Peugeot may have suffered a tyre or suspension failure, while Ukyo Katayama's Minardi also crashed heavily.

In each accident, the cars' structures withstood very high

impacts, thanks to the stringent mandatory pre-season crash tests by the FIA, the sport's governing body.

But the manner in which the tyre walls' coped has led to some criticism, as they tended to separate and in some instances single tyres were thrown out to the track. After the race, there were calls for tyres to be tied together more securely.

David Coulthard, who was on course for victory until a clutch problem delayed his McLaren-Mercedes during his final stop, put the concerns about the tyres into perspective, however, when he said: "Accidents can happen anywhere and maybe we need to look at more tyres at the par-

ticular corner where Panis crashed. But it's a straightforward corner, no more dangerous than anything we have at Monaco, and I certainly don't regard that as a dangerous circuit."

Brundle in contention to replace Panis

Martin Brundle is prepared to abandon the television commentary box for a return to the cockpit of a Formula One car as replacement for the injured Olivier Panis, writes David Allen. Along with Emmanuel Collard, who is to take part in private testing with the Prost-Mugen-Honda team at Magny-Cours this week, Brundle has emerged as a candidate follow-

ing Panis's heavy crash during Sunday's Canadian Grand Prix. Alain Prost, the team principal, is now seeking a new senior driver to take over for the French Grand Prix on Sunday week, the team's home race.

Brundle, who drove for the then Ligier team in 1993 and 1995, is an obvious contender. "I would have to be interested," he said.

He feared that at the age of 38 his grand prix days were over, but admits he is still "hungry" after his exclusion from the class of 1997.

He has a release clause in his ITV contract which would enable him to take a full drive, although he would still require the blessing of the TWR Arrows organisation, where he has the role of test driver and director.

but later suffered permanent paralysis after failing to get the right advice and treatment at the right time, and the drivers have long been aware of the need for sound medical counsel.

Watkins is the first man any of the drivers wants to see after an accident, and they were concerned that removing Panis from the car prematurely could have had serious consequences. At the time, there was no threat of fire and no way that the marshals could have made a valid diagnosis of his condition. Behind the scenes, Watkins' safety group has been studying means of incorporating a special seat into F1 cars

which could act as a back support in such incidents and which could be removed complete with driver.

Mark Blundell, the former McLaren racer turned IndyCar driver, who was standing in for Martin Brundle on television commentary duty, was particularly perturbed. "After I had my accident earlier this year testing at the Homestead track in America, I told them my hands were feeling numb. They put me on a back board and I was strapped there for four hours before things had stabilised. What they did with Panis was very bad, because they couldn't have known the extent of his injuries. They should have waited for Sid."

Revised club format mooted as Wigan fall

Rugby League

DAVE HADFIELD

Wigan were unable to repeat their first-round victory in the World Club Championship, thumped 34-0 in Brisbane yesterday by the Broncos on a day when talk was rife that the expensive series would be scaled down next season.

Wigan's loss was the eighth defeat for northern hemisphere teams in nine games at the weekend and after two rounds the European statistics stand at played 19, won two, lost 17.

The Canterbury coach, Chris Anderson, whose side thrashed Halifax 56-6 on Sunday, confirmed he had already been advised of changes to the series format. "I think it's going to be

the top four teams from both countries, that's what I've heard," he said.

Wigan competed well in the first half but trailed 10-0 to tries from Kevin Walters and Darren Lockyer. Their best chance of striking back came early in the second half, when Paul Koloi, a substitute for the injured Nigel Wright, sent Jason Robinson sprinting for the try-line. Amazingly, Robinson was caught by the Brisbane prop Brad Thornie, and almost immediately the Broncos went to the other end and scored through Torrie Carroll to take the match beyond Wigan's reach.

There was no shortage of commitment, said the Wigan coach Eric Hughes. "But we caught Brisbane on a particularly good night."

League changes on agenda

The game's professional clubs will debate sweeping changes in its structure a week tomorrow, writes Dave Hadfield.

The meeting of the Rugby League Council in Leeds will look at proposals which include trimming the league from 34 to 28 clubs and taking power from the RL's chief executive, Maurice Lindsay. A working party has spent months on the plans, which have been leaked before the session.

The central proposal is to reduce the three divisions to two, with franchises awarded only to clubs which meet strict standards off the field, as well as on it. The working party, headed by the league's chairman, Sir Rodney Walker, lean towards 14 in the Super League and 14 in a first division below it.

The evidence of the World Club Championship, however,

is that any expansion of the Super League would spread the available talent too thinly. Mergers could be again on the agenda, with amalgamated clubs often having an improved chance of winning a franchise.

The other radical proposal is that executives at the RL's headquarters in Leeds should get more autonomy. Soundings at all levels of the game revealed concern the organisation is a "one man band." Clubs could also be asked to consider a reduction in the overseas quota from six to two per club.

Auckland hooker Syd Eru today faces a disciplinary hearing over his sending-off for a high tackle at Bradford on Saturday, but Bulls' Jeff Wittenberg and Hunter's Scott Hill have been told they have no case to answer over incidents for which they were placed on report.

The Australasian Super League will today decide on the fate of two English players at hearings in Sydney. Leeds Rhinos' loose-forward Terry Newton was sent off for a "dangerous throw" on David Boughton of the Adelaide Rams in Friday night's World Club Challenge match. Newton left for the trip home with the Leeds side after the game, but will be represented in his absence by the Leeds chief executive, Gary Hetherington.

Oldham's Paul Davidson will attend in person to answer a charge of biting North Queensland Cowboy's Ian Dunemann in their Saturday night game, with the official charge one of "contrary conduct."

The referee Graham Annesley did not see the incident, but placed Davidson on report after Dunemann complained.

Scotland can extend winning run against Zimbabwe

Rugby Union

Scotland open their six-match summer tour against Zimbabwe today hoping the altitude will not prevent them raising their game to new heights.

The tourists will be playing in temperatures in the mid-20s and at an altitude of 4,800ft. But the team manager, Doug Morgan, feels Zimbabwe will have their own difficulties. "They are

bound to be tired after their game last Saturday against Namibia."

The tourists would be basing their game around a strong performance from the forwards, especially in the opening exchanges, said the assistant coach, Hugh Campbell. "Our scrumming has gone well in practice but the acid test is out there in a match." Campbell was in Zimbabwe two years ago with the Scotland A squad

when the Scots won both Tests against the host country.

Scotland may be forgiven for thinking the game is a Murrayfield fixture, with the Zimbabwean coach being called John Knox and the team manager, Fred Jacks.

"I can assure you that I have absolutely no connection at all with Scotland," joked Knox of South Africa. He was recruited from Northern Transvaal to boost Zimbabwe's chances of

achieving a place in the next World Cup.

Knox knows his players face a hard task in matching Scotland's professionals. "It will be a big mountain to climb, though we have gained a lot of confidence from our win over Namibia last Saturday."

Scotland have chalked up six wins against Zimbabwe since the first meeting in 1987, and they have every chance of further success this time round.

RACING RESULTS

WINDSOR

6.30: 1. MIRELAND (M. Parnell) 14-1; 2. Not by 15-8; 3. Fast Finesse 7-2; 4. Am. 1-1; 5. Mireland, 10-1; 6. Mireland, 10-1; 7. Mireland, 10-1; 8. Mireland, 10-1; 9. Mireland, 10-1; 10. Mireland, 10-1; 11. Mireland, 10-1; 12. Mireland, 10-1; 13. Mireland, 10-1; 14. Mireland, 10-1; 15. Mireland, 10-1; 16. Mireland, 10-1; 17. Mireland, 10-1; 18. Mireland, 10-1; 19. Mireland, 10-1; 20. Mireland, 10-1; 21. Mireland, 10-1; 22. Mireland, 10-1; 23. Mireland, 10-1; 24. Mireland, 10-1; 25. Mireland, 10-1; 26. Mireland, 10-1; 27. Mireland, 10-1; 28. Mireland, 10-1; 29. Mireland, 10-1; 30. Mireland, 10-1; 31. Mireland, 10-1; 32. Mireland, 10-1; 33. Mireland, 10-1; 34. Mireland, 10-1; 35. Mireland, 10-1; 36. Mireland, 10-1; 37. Mireland, 10-1; 38. Mireland, 10-1; 39. Mireland, 10-1; 40. Mireland, 10-1; 41. Mireland, 10-1; 42. Mireland, 10-1; 43. Mireland, 10-1; 44. Mireland, 10-1; 45. Mireland, 10-1; 46. Mireland, 10-1; 47. Mireland, 10-1; 48. Mireland, 10-1; 49. Mireland, 10-1; 50. 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Reiffel and Warne short of support

DEREK PRINGLE

reports from Leicester
Australia 220-8 dec and
105-3 dec
Leicestershire 62-4 dec and 179
Australia win by 84 runs

On an afternoon of Stryan gloom, Australia bowled Leicestershire out to claim their first victory since 17 May when they beat Northamptonshire in a limited overs match. Although the match relied on some good old collusion from both parties, it was the Aussies first real excuse to enliven their tour by cracking out the amber nectar.

Lehmann grounded

DAVID LLEWELLYN

reports from The Oval
Surrey 549 and 153
Yorkshire 387 and 115-4
Match drawn

Rain washed what had promised to be a thrilling first to an intriguing match down the storm drains at The Oval, leaving Surrey still without a third of the way through a Championship campaign they were widely tipped to dominate.

False hopes had been raised and pulses stirred in both camps on the final morning when Yorkshire emerged under already darkening skies looking for the remaining 297 runs they needed for what would have been a famous victory, given the way things had gone early on.

Surrey hearts were the first to be set racing. Martin Bicknell, swinging the bat prodigiously at times, had two wickets in his first over - the second of the day.

Richard Kettleborough did not even simmer before he was bowled driving at an inswinger, out before Yorkshire had added to their Saturday score of 19. That wicket was followed two deliveries later by that of Kettleborough's captain David Byas, given out leg before.

However, with Shane Warne and Paul Reiffel the only bowlers on song, it was a performance that posed almost as many questions as it answered. Reiffel's appearance may have eased some fears, but the worries now, must be over the lack of back up.

Of most concern will surely be Glenn McGrath's inability to adjust his length to suit the nature of the pitch. He is still two yards too short and aiming to force batsmen back rather than bring them forward. If he isn't rooming with Reiffel and talking things through, he ought to be.

On a helpful pitch, under cloud cover, Leicestershire made a better start than they should, as Iain Sutherland regularly cut McGrath away to the boundary behind him. After Reiffel's early dismissal of Darren Maddy, the home side needed a playmaker, a role Sutherland fulfilled until McGrath ventured onto the wicket and induced him to edge behind to Healy.

Gregor MacMillan soon followed, caught by Michael Slater at mid-on as he drove at Brendon Julian. At that point the home side were 68 for 3 and in need of some guidance from their captain, James Whitaker.

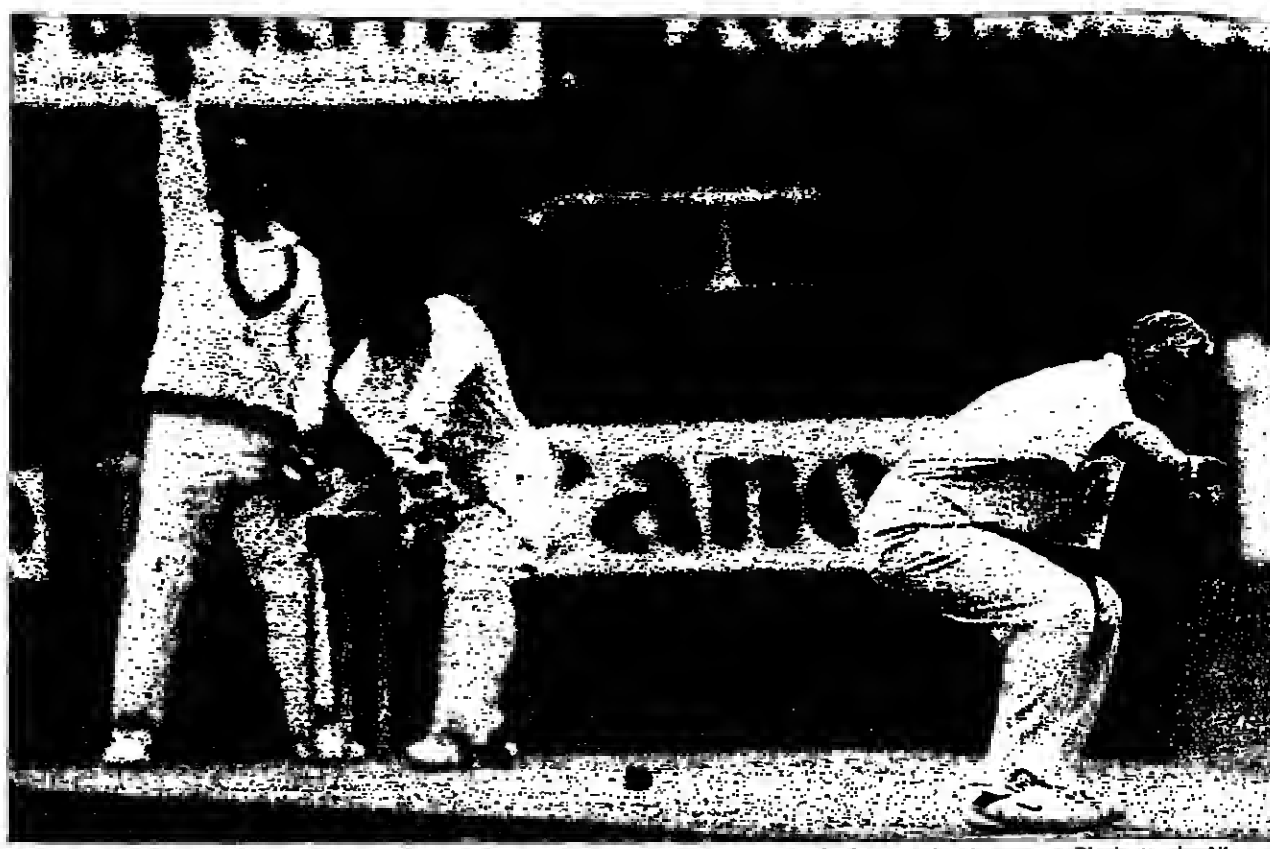
Yorkshireman by birth, Whitaker knows only of attack. Hooking McGrath for a steepening six to get off the mark, he then belted the Aussie pace-

man for two searing fours. He repeated the glorious thrum against Warne but then the umpire, John Harris, for whatever reason, ruled in favour of a distinctly hopeful inquiry for lbw.

It proved the turning point as Warne, bowling on a pitch not particularly suited to him, worked his way through the rest of the order to end with 5 for 42. Aftab Habib was caught on the slog, Paul Nixon was lured forward and stumped, and James Onmond was flattered. If his shoulder is about to be operated on then the surgeon must be looking for gold and not gristle.

Earlier when Australia batted after Whitaker's overnight declaration, there were torrid moments for the operators against Onmond. His encounter with Slater, a player who likes to take risks, was entertaining, bringing Slater one hooked boundary before an attempted repeat saw the ball cannon into his stumps off the bottom edge.

By contrast, Taylor was looking ever more assured. His feet are moving better now than at any stage in the last year and his shot selection, as he clipped and caressed was high on perfect. Leicestershire had a deep set field but such was his placement of stroke that his 57 took just 65 balls. His only misjudgement, which cost him his wicket, came as he tried to flick off spinner Tim Mason through midwicket.



Australia's Shane Warne appeals successfully for the wicket of James Whitaker yesterday

Photograph: Allsport

Strang takes Kent to top Cricket roundup

Lancashire's John Crawley

warm-up for the Lord's Test with a rapid 91 at Old Trafford yesterday but his effort failed to prevent Kent from claiming the match honours by 58 runs to go to the top of the Championship.

Crawley was fifth out with the score at 203 and Lancashire then capitulated to the leg-spin of the Zimbabwean Paul Strang, whose figures of 4 for 68 gave him a match return of 11 for 186.

Kent had declared at 217 for 9 shortly after lunch, setting the home side 306 in 58 overs. Worcestershire's seamer Stuart Lampitt ended Jack Russell's resistance and conceded Gloucestershire their first Championship defeat of the season - by 95 runs - at Bristol. Russell, who had shared a 57-run seventh-wicket stand with Mark Alleyne and a 70-run eighth-wicket stand with Tim Hancock, was caught on 65, and his dismissal with the score on 259 signalled the end for Gloucestershire, who were chasing 372 in 101 overs.

Derbyshire's coach exiled

JON CULLEY

reports from Edgbaston
Derbyshire 200 and 229-3 dec
Warwickshire 340
Match drawn

While Derbyshire batted their way to a draw here yesterday, the county's crisis off the field took another turn when it emerged that the club's coach, Les Stillman, had effectively been suspended from first-team duties following the resignation of Dean Jones.

Stillman, who helped his fellow Australian Jones to steer Derbyshire to second place in last year's Britannia Assurance table, was told not to attend the final day of the Championship match at Edgbaston. He also missed Sunday's AXA Life League game on the same ground, when Derbyshire were bowled out for 93.

The county hierarchy are being secretive over the circumstances surrounding last week's abrupt departure of Jones, who accused senior players of lack of support for his leadership.

They have instructed players and staff to make no comment. But Stillman, the former Victoria coach who was appointed alongside his compatriot last April, confirmed he had been told to stay away.

"The chairman and the cricket committee said it would be better in the circumstances that exist if I was not around," he said. "Never in my 27 years as a coach have I not been with my team during a game, nor have I been told not to talk to the press."

"We discussed before this all blew up the idea that I would spend some time with the second eleven and watch some minor counties games with a view to maybe strengthening the staff and I saw some value in that. You might say I've taken up those duties a week or two early."

Neither the club chairman, Mike Horton, nor the cricket committee chairman, Ian Buxton, could be contacted yesterday. The club secretary, Stewart Edwards, said he could not comment but that a statement "might be issued tomorrow."

It is understood that players and senior officials will meet today in an attempt to find a solution to the crisis. Stillman's close association with Jones is certain to have placed him in a difficult position, although he says he will honour his contract, which has the remainder of this season to run. Derbyshire have a potential replacement already on the staff in Andy Hayhurst.

"If a period is needed for the dust to settle, that's fine," Stillman said. "But it is my wish to go on working with the players."

Under the captaincy of Philip DeFreitas, Derbyshire defied Warwickshire's bid for a fourth batting point by taking their last three wickets for 19 runs after the home side had resumed at 321 for 7 in a match hit by the weather.

A five-wicket return for Devon Malcolm increased the England strike bowler's first-class tally to 41. Half-centuries by Kim Barnett and Adrian Rollins averted the threat of an innings defeat before Tim Twists and Chris Adams steered their side to safety.

Shaw to bolster Wasps line-out

DAVID LLEWELLYN

Wasps yesterday won the race to sign the England and Bristol lock Simon Shaw, who is currently going about his business with the Lions in South Africa.

Shaw's departure from Bristol had been widely expected and Leicestershire were interested in the mobile 6ft 9in second-row forward until they switched their attentions to the Springbok Fritz van Heerden.

The way was left open for Nigel Melville, the former England scrum-half and director of coaching at the league champions, to present the 34-year-old Shaw with a three-year deal worth six figures.

Shaw's departure is a severe blow to Bristol, who survived the inaugural professional season in Courage League One, but may find life a lot tougher when the renamed Allied Dunbar Premiership starts on 23 August.

Given the number of casualties dropping out of the Lions tour, the ball-winning Shaw has every chance of playing in one of the three Tests against South Africa.

Leicester's new boy, van Heerden, has been dropped for Saturday's first Test, but that will not affect how he is regarded at Welford Road. The club see the 26-year-old 6ft 7in Western Province lock as the perfect partner for the Lions captain Martin Johnson.

Leicester recently swelled their overseas contingent by recruiting the Fijian pair Waisale Sereli and Marika Vobu, underlining coach Bob Dwyer's determination that the Tigers should build the strongest possible squad.

Leicester were one of three clubs rejected by the Argentine international Agustín Pichot in favour of newly-promoted Richmond. The 22-year-old scrum half, who also turned down Bath and Saracens, said he had been swayed in his decision by having stayed in the Richmond area.

CRICKET SCOREBOARD

Britannia Assurance County Championship

First day of four

Warwickshire v Derbyshire

Derbyshire won toss
Derbyshire: 1st Innings 200 (P Clarke 95, N M Smith 47, D R Brown 43),
Warwickshire: 1st Innings 179 (Saurashtra 321 for 7)

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Gloucestershire v Lancashire

Lancashire won toss
Lancashire: 1st Innings 255 (G O Lloyd 122, P A Strang 71-118),
Gloucestershire: 1st Innings 122 (Saurashtra 321 for 7)

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Derbyshire v Warwickshire

Warwickshire won toss
Warwickshire: 1st Innings 340 (Saurashtra 321 for 7),
Derbyshire: 1st Innings 200 (P Clarke 95, N M Smith 47, D R Brown 43)

1st Innings: 1st Innings 340 (Saurashtra 321 for 7),
Derbyshire: 1st Innings 200 (P Clarke 95, N M Smith 47, D R Brown 43)

1st Innings: 1st Innings 340 (Saurashtra 321 for 7),
Derbyshire: 1st Innings 200 (P Clarke 95, N M Smith 47, D R Brown 43)

1st Innings: 1st Innings 340 (Saurashtra 321 for 7),
Derbyshire: 1st Innings 200 (P Clarke 95, N M Smith 47, D R Brown 43)

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1st Innings: 1st Innings 340 (Saurashtra 321 for 7),
Derbyshire: 1st Innings 200 (P Clarke 95, N M Smith 47, D R Brown 43)

1st Innings: 1st Innings 340 (Saurashtra 32

